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Ratings agency Standard & Poor's upgraded its ratings on four Greek banks after Athens partly relaxed capital controls it imposed last June.


The outlook on all four banks is stable as the agency does not expect the banks to face a near-term default on their debt.

Last month, the Greek government eased capital controls — put in place in June 2015 to stem the wave of withdrawals that had seen €46.5bn leave the Greek banking system since 2014 — allowing cash deposits made in Greek banks, either domestically or from abroad, to be withdrawn without any restrictions.

“We view the lifting of this ban as a significant relaxation, as it could allow for cash deposits to be brought back into the banking system, raising confidence in the Greek banking sector,” S&P said. “We expect some minor deposit inflows in the coming months.”

S&P however said of the move:

The upgrades reflect the banks’ fragile financial profiles in the context of a weak economic and operating environment in Greece, a high level of nonperforming exposures, and poor profitability. We anticipate that the four banks' funding positions will remain highly unbalanced, resulting in their continued reliance on liquidity facilities provided by the European authorities to cover their needs. As such, we expect that the European authorities' support will still be crucial in ensuring the banks meet their financial commitments over the next 12 months.

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