

Climate-Related Communication of Central Banks and Bank Risk

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Introduction & Motivation (I)

- Climate change has become a significant threat to both the financial system and the real economy.
- The Paris Agreement (PA), adopted by 195 states on December 12, 2015 establishes the framework for the coordinated actions of the Parties, with the objective of transitioning to a net-zero economy by 2050.
- A major concern in the direction of green and sustainable development is the path in adopting policies aimed at addressing climate change, which is heterogeneous across countries.

Introduction & Motivation (II)

- Central banks increasingly communicate about climate risks.
- Climate change is now recognized as a **financial-stability concern**.
- Communication shapes expectations, affects markets, and may influence bank behavior.
- Yet, the *effects of green communication* on **bank risk** remain underexplored.

Introduction & Motivation (III)

- Literature shows climate risks amplify systemic vulnerabilities.
- Climate communication may reduce uncertainty **or** amplify transition-risk perceptions.
- The direction of the effect is **ambiguous a priori**.
- Our study quantifies this impact using new measures of climate-related communication.

Literature Review (I)

- Climate risks and financial stability:
 - Physical, transition, litigation risk (Carney 2015).
 - Impact on systemic risk (Battiston et al., 2017; Roncoroni et al., 2021).
- Central bank communication:
 - Forward guidance, transparency, expectation management (Montes and Scarpari, 2015; Casiraghi and Pio Perez, 2022).
 - Limited evidence on *climate-specific* communication.

Literature Review (II)

- Climate communication channels (see Blinder et al., 2008; and de Bandt et al., 2025 for surveys):
 - **Information** → reduces uncertainty.
 - **Warning** → signals stricter regulation.
 - **Expectations** → affects asset valuations, especially carbon-intensive sectors.
- Potential risk amplifiers:
 - Market repricing.
 - Investor sentiment.
 - Funding-cost volatility.

Research questions

- Does climate-related communication by central banks affect **bank risk**?
- Does the effect differ by:
 - Bank characteristics?
 - Country climate vulnerability?
 - Commitment to global climate policies (e.g., Paris Agreement)?
- Are results robust across alternative risk measures?

Contribution

- Use a novel indicator of **Climate-Related Communication (CRC)** by central banks.
- Link **Climate-Related Communication** to **bank-level risk measures**.
- Examine moderating factors: country climate vulnerability, institutional quality, bank ESG performance.
- Provide international evidence across advanced and emerging economies.

Data

- 458 banks (listed, with market data) from 47 countries (advanced + EMDEs).
- Period: 2000–2019.
- Sources: LSEG, BIS, NGFS, IMF, central-bank speeches, Campiglio et al. (2025).

Bank risk measures

- Two widely used market-based measures are employed to capture bank risk-taking: systematic risk and systemic risk.
- **Systematic risk**
 - is quantified through Beta and shows the relationship between a bank's equity price volatility and that of the local stock market index.
- **Systemic risk**
 - we use ΔCoVaR of Adrian and Brunnermeier (2016), which measures a bank's contribution to overall system-wide distress and its interconnectedness with the financial system.

Climate-related central bank communication indicator

- In order to measure central banks' "green talk", we rely on the database compiled by Campiglio et al. (2025).
 - It augments the Bank for International Settlements (BIS) repository and offers broader geographic and temporal coverage.
 - Based on **text-mining central-bank speeches**.
 - Use of a climate dictionary (environment, carbon, mitigation, transition, resilience, etc.).
 - Climate Salience = % climate-related expressions per speech $\times$ 100.
 - Aggregated at **bank-year** or **country-year** level.

Identification strategy (I)

- The estimated model is structured as follows:

$$\begin{aligned} & Risk_{ij,t} \\ &= \beta_0 + \beta_1 \times Climate\ Salience_{j,t} + \beta_2 \times \psi_{i,t} + \beta_3 \times \chi_{j,t} + \gamma_i + \delta_j + \eta_t \\ &+ \varepsilon_{ij,t} \end{aligned}$$

- $Risk_{ij,t}$ denotes the two indicators of bank risk described above for bank i from country j in year t , i.e., Beta and $\Delta CoVaR$.
- $Climate\ Salience_{j,t}$ is the measure of the relative importance of climate-related issues in each central bank's speech.
- $\psi_{i,t}$ is a vector of **fundamental bank characteristics** associated with risk in the literature, i.e., *size, capitalization, lending, funding structure, income diversification and profitability*.
- $\chi_{j,t}$ is a vector of **bank and banking system and macroeconomic controls** (*bank concentration, financial development, real gross domestic product (GDP) growth and inflation*).
- γ_i , δ_j and η_t are bank, country and year fixed effects, respectively, and $\varepsilon_{ij,t}$ is the idiosyncratic error term.

Methodology (II)

- In addition, we investigate how different macroeconomic and institutional factors affect the relationship between central banks' green talk and bank risk-taking behavior in the following specification:

$$Risk_{ij,t} = \beta_0 + \beta_1 \times Climate\ Saliency_{j,t} + \beta_2 \times Z_{j,t} + \beta_3 \times Climate\ Saliency_{j,t} \times Z_{j,t} + \beta_4 \times \psi_{i,t} + \beta_5 \times \chi_{j,t} + \gamma_i + \delta_j + \eta_t + \varepsilon_{ij,t}$$

- where $Z_{j,t}$ is the vector of selected variables: *country's adaptation capacity to climate events, central bank independence and transparency, and climate-related financial policies.*

Descriptive statistics

Table 1. Descriptive statistics.

Variables	Mean	St. dev.	p25	Median	p75	Min	Max	Obs.
Beta	0.9223	0.4407	0.6149	0.9109	1.2000	0.0231	2.2144	6388
ΔCoVaR	0.6380	0.3946	0.3391	0.5610	0.8447	0.0109	1.8634	6516
Climate Salience	0.0056	0.0223	0.0000	0.0000	0.0006	0.0000	0.1740	6516
Size	24.0468	1.8208	22.7163	23.8948	25.1065	20.3963	28.5107	6516
Capitalization	8.4006	3.6213	5.6944	7.8603	10.4396	2.3587	21.5441	6516
Lending	64.7658	12.8278	57.6558	66.1209	73.5047	26.8706	91.0142	6516
Credit Risk Ratio	2.9710	3.6118	0.7630	1.7500	3.6778	0.0311	22.8695	6516
Funding Structure	77.3145	18.2580	67.7304	82.6369	91.7970	23.6489	98.8607	6516
Income Diversification	25.3323	12.7112	15.8270	23.7392	32.8181	3.4767	65.0851	6516
Profitability	10.3259	8.8762	5.8700	10.4000	15.1450	-29.7500	33.8800	6516
Bank Concentration	59.8594	20.7752	44.8937	51.7420	78.9306	28.1183	100.0000	6516
Financial Development	0.7420	0.1902	0.6346	0.8308	0.8912	0.2265	0.9473	6516
Real GDP Growth	2.5002	2.4832	1.4483	2.2878	3.6514	-5.6932	9.3987	6516
Inflation	2.3749	2.9896	0.9319	1.8706	3.0856	-2.2470	16.5123	6516

Empirical results (I)

Table 2. Results for the baseline model.

	(1)	(2)	(3)	(4)
	Beta	Beta	ΔCoVaR	ΔCoVaR
Climate Salience	-2.0177*** (0.3580)	-2.2584*** (0.3563)	-0.1754* (0.1007)	-0.3694*** (0.0955)
Size		-0.0484* (0.0256)		-0.0162** (0.0079)
Capitalization		0.0067 (0.0048)		-0.0020 (0.0015)
Lending		0.0007 (0.0012)		-0.0011*** (0.0004)
Credit Risk Ratio		0.0202*** (0.0035)		0.0012 (0.0009)
Funding Structure		-0.0003 (0.0013)		-0.0019*** (0.0004)
Income Diversification		0.0023* (0.0012)		0.0010** (0.0004)
Profitability		-0.0019 (0.0012)		-0.0018*** (0.0005)
Bank Concentration		0.0007 (0.0009)		-0.0026*** (0.0003)
Financial Development		0.3902 (0.2604)		0.2492** (0.0987)
Real GDP Growth		0.0101*** (0.0030)		-0.0018 (0.0016)
Inflation		0.0084*** (0.0028)		-0.0107*** (0.0011)
Constant	0.9440*** (0.0020)	1.5404** (0.7105)	0.6301*** (0.0006)	1.2542*** (0.2160)
Observations	6732	6386	6864	6516
Banks	435	435	437	437
Countries	43	43	43	43
R-squared	0.6376	0.6544	0.8871	0.8963
Bank FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes

Note: This table reports the results for the base model described in Eq. (4). Robust standard errors clustered at the bank level in parentheses. ***, **, and * denote statistical significance at the 1%, 5% and 10% level, respectively.

Main finding:

- as the relative importance of green central bank communication increases, the systematic and systemic risks of banks tend to diminish.
- these results remain consistent and are robust even after adding bank-level and macroeconomic controls.

Economically meaningful:

- one-standard-deviation increase in Climate Salience is associated with a 11.02% decrease in systematic risk.
- a one-standard-deviation increase in green central bank talk leads to a 2.09% reduction in banks' systemic distress.

Robustness tests (I)

Table 3. Robustness checks: alternative static estimation models (LIML and Driscoll-Kraay).

	(1)	(2)	(3)	(4)
	LIML		Driscoll-Kraay	
	Beta	ΔCoVaR	Beta	ΔCoVaR
Climate Salience	-7.7829*** (1.1387)	-0.9121*** (0.3513)	-2.2584*** (0.4092)	-0.3694* (0.1885)
Size	-0.0722*** (0.0255)	-0.0184** (0.0080)	-0.0484 (0.0366)	-0.0162 (0.0129)
Capitalization	0.0041 (0.0049)	-0.0022 (0.0015)	0.0067* (0.0038)	-0.0020 (0.0021)
Lending	0.0008 (0.0012)	-0.0011*** (0.0004)	0.0007 (0.0013)	-0.0011** (0.0004)
Credit Risk Ratio	0.0195*** (0.0033)	0.0012 (0.0009)	0.0202*** (0.0015)	0.0012 (0.0020)
Funding Structure	0.0001 (0.0014)	-0.0018*** (0.0005)	-0.0003 (0.0013)	-0.0019 (0.0011)
Income Diversification	0.0035*** (0.0013)	0.0011*** (0.0004)	0.0023*** (0.0007)	0.0010 (0.0008)
Profitability	-0.0022* (0.0012)	-0.0018*** (0.0005)	-0.0019** (0.0009)	-0.0018 (0.0012)
Bank Concentration	-0.0004 (0.0009)	-0.0027*** (0.0003)	0.0007 (0.0009)	-0.0026*** (0.0009)
Financial Development	0.1353 (0.2782)	0.2279** (0.0990)	0.3902 (0.2470)	0.2492 (0.3434)
Real GDP Growth	0.0115*** (0.0033)	-0.0017 (0.0015)	0.0101 (0.0076)	-0.0018 (0.0033)
Inflation	0.0071** (0.0032)	-0.0108*** (0.0011)	0.0084** (0.0030)	-0.0107** (0.0043)
Observations	6386	6516	6386	6516
Banks	435	437	437	437
Countries	43	43	43	43
F-test (first-stage)	81.3100	79.9700		
Kleibergen-Paap rk LM statistic p-value	0.0000	0.0000		
Hansen J statistic p-value	0.1144	0.1241		
Bank FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes

Note: This table reports the results for robustness checks using alternative estimation models. Robust standard errors clustered at the bank level in parentheses for LIML, and Driscoll and Kraay (1998) standard errors in parentheses for Driscoll-Kraay. ***, **, and * denote statistical significance at the 1%, 5% and 10% level, respectively.

Robustness tests (II)

Table 4. Robustness checks: alternative static estimation models (HLM).

	(1)	(2)
	Beta	ΔCoVaR
<i>Fixed-effects parameters</i>		
Climate Salience	-2.2521*** (0.2066)	-0.3099*** (0.0973)
Size	0.0446*** (0.0071)	0.0281*** (0.0038)
Capitalization	0.0052** (0.0021)	-0.0012 (0.0010)
Lending	0.0001 (0.0005)	-0.0014*** (0.0002)
Credit Risk Ratio	0.0210*** (0.0015)	0.0012 (0.0007)
Funding Structure	-0.0001 (0.0005)	-0.0016*** (0.0003)
Income Diversification	0.0036*** (0.0005)	0.0013*** (0.0003)
Profitability	-0.0021*** (0.0006)	-0.0018*** (0.0003)
Bank Concentration	0.0005 (0.0005)	-0.0025*** (0.0002)
Financial Development	0.3300*** (0.1040)	0.3070*** (0.0569)
Real GDP Growth	0.0104*** (0.0028)	-0.0024* (0.0014)
Inflation	0.0116*** (0.0019)	-0.0093*** (0.0009)
Constant	-0.7210*** (0.2056)	0.3097*** (0.1122)
<i>Random-effects parameters</i>		
Country-level variance	-1.6479*** (0.1544)	-1.6253*** (0.1206)
Bank-level variance	-1.5096*** (0.0450)	-2.0884*** (0.0424)
Residual variance	-1.3083*** (0.0092)	-2.0230*** (0.0091)
Observations	6388	6516
Banks	437	437
Countries	43	43
Likelihood-ratio test (p-value)	0.0000	0.0000
Bank FE	No	No
Country FE	No	No
Year FE	Yes	Yes

Note: This table reports the results for robustness checks using hierarchical linear modeling (HLM) estimator. Standard errors in parentheses. ***, **, and * denote statistical significance at the 1%, 5% and 10% level, respectively.

Robustness tests (III)

Table 5. Robustness checks: dynamic model.

	(1)	(2)
	Beta	ΔCoVaR
Climate Salience	-0.6757*** (0.1597)	-0.2249*** (0.0677)
Size	0.0264*** (0.0062)	-0.0071 (0.0049)
Capitalization	-0.0022 (0.0019)	-0.0032*** (0.0011)
Lending	0.0000 (0.0004)	-0.0002 (0.0003)
Credit Risk Ratio	0.0058*** (0.0012)	0.0005 (0.0006)
Funding Structure	-0.0006 (0.0006)	-0.0016*** (0.0003)
Income Diversification	0.0007 (0.0005)	-0.0003 (0.0003)
Profitability	-0.0016*** (0.0006)	-0.0011*** (0.0003)
Bank Concentration	0.0003 (0.0005)	-0.0008*** (0.0002)
Financial Development	0.2366** (0.1050)	-0.0728 (0.0783)
Real GDP Growth	-0.0004 (0.0021)	0.0037*** (0.0014)
Inflation	0.0032*** (0.0012)	-0.0053*** (0.0007)
Climate Salience (t-1)	0.9001*** (0.0106)	0.6922*** (0.0056)
Observations	5515	5613
Banks	423	427
Countries	43	43
Bank FE	Yes	Yes
Country FE	No	No
Year FE	Yes	Yes

Note: This table reports the results for robustness checks using bias-corrected fixed effects (BCFE) estimator. Bootstrapped standard errors based on 50 iterations in parentheses. ***, **, and * denote statistical significance at the 1%, 5% and 10% level, respectively.

Robustness tests (IV)

Table 6. Robustness checks: alternative dependent variables.

	(1)	(2)
	Z-score	Δ ACoVaR
Climate Salience	2.5421*** (0.7520)	-0.6211*** (0.1588)
Size	-0.1267* (0.0729)	-0.0342*** (0.0125)
Capitalization	0.0938*** (0.0130)	-0.0045* (0.0026)
Lending	0.0012 (0.0032)	-0.0022*** (0.0006)
Credit Risk Ratio	-0.0607*** (0.0094)	0.0020 (0.0016)
Funding Structure	-0.0055 (0.0037)	-0.0030*** (0.0007)
Income Diversification	-0.0022 (0.0032)	0.0016** (0.0007)
Profitability	0.0291*** (0.0027)	-0.0034*** (0.0008)
Bank Concentration	-0.0037 (0.0023)	-0.0046*** (0.0005)
Financial Development	1.3155* (0.6936)	0.5565*** (0.1680)
Real GDP Growth	-0.0214** (0.0106)	-0.0022 (0.0024)
Inflation	0.0153* (0.0091)	-0.0170*** (0.0018)
Constant	5.8564*** (1.9059)	2.3240*** (0.3418)
Observations	5691	6516
Banks	428	437
Countries	43	43
R-squared	0.4820	0.8960
Bank FE	Yes	Yes
Country FE	Yes	Yes
Year FE	Yes	Yes

Note: This table reports the results for robustness checks using alternative dependent variables. Robust standard errors clustered at the bank level in parentheses. ***, **, and * denote statistical significance at the 1%, 5% and 10% level, respectively.

Robustness tests (V)

Table 7. Robustness checks: alternative independent variables.

	(1)	(2)	(3)	(4)
	Beta	Beta	ΔCoVaR	ΔCoVaR
Climate Frequency	-0.0752*** (0.0127)		-0.0155*** (0.0031)	
Climate-Related Risks		-7.2259*** (1.4286)		-1.6920*** (0.3166)
Size	-0.0476* (0.0256)	-0.0473* (0.0259)	-0.0165** (0.0079)	-0.0167** (0.0079)
Capitalization	0.0068 (0.0048)	0.0072 (0.0048)	-0.0020 (0.0015)	-0.0019 (0.0015)
Lending	0.0007 (0.0012)	0.0005 (0.0012)	-0.0011*** (0.0004)	-0.0011*** (0.0004)
Credit Risk Ratio	0.0203*** (0.0035)	0.0203*** (0.0035)	0.0011 (0.0009)	0.0011 (0.0009)
Funding Structure	-0.0002 (0.0013)	-0.0003 (0.0013)	-0.0019*** (0.0004)	-0.0019*** (0.0004)
Income Diversification	0.0022* (0.0012)	0.0020 (0.0012)	0.0010** (0.0004)	0.0009** (0.0004)
Profitability	-0.0019 (0.0012)	-0.0019 (0.0012)	-0.0018*** (0.0005)	-0.0018*** (0.0005)
Bank Concentration	0.0008 (0.0009)	0.0010 (0.0009)	-0.0027*** (0.0003)	-0.0026*** (0.0003)
Financial Development	0.3825 (0.2608)	0.4071 (0.2621)	0.2428** (0.0986)	0.2451** (0.0989)
Real GDP Growth	0.0103*** (0.0030)	0.0107*** (0.0030)	-0.0018 (0.0016)	-0.0017 (0.0016)
Inflation	0.0087*** (0.0028)	0.0091*** (0.0028)	-0.0107*** (0.0011)	-0.0106*** (0.0011)
Constant	1.5223** (0.7103)	1.5042** (0.7169)	1.2656*** (0.2165)	1.2709*** (0.2168)
Observations	6386	6386	6516	6516
Banks	435	435	437	437
Countries	43	43	43	43
R-squared	0.6537	0.6529	0.8964	0.8965
Bank FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes

Note: This table reports the results for robustness checks using alternative independent variables. Robust standard errors clustered at the bank level in parentheses. ***, **, and * denote statistical significance at the 1%, 5% and 10% level, respectively.

Further analysis (I)

Table 8. Further analysis: the role of adaptive capacity to climate events.

	(1)	(2)
	Beta	ΔCoVaR
Climate Salience	-1.6047*** (0.3405)	-0.0788 (0.1158)
High ND-GAIN	0.0299* (0.0170)	0.0543*** (0.0062)
Climate Salience $\times$ High ND-GAIN	-1.1312** (0.5456)	-0.6041*** (0.1463)
Size	-0.0468* (0.0257)	-0.0119 (0.0077)
Capitalization	0.0070 (0.0048)	-0.0017 (0.0015)
Lending	0.0007 (0.0012)	-0.0010*** (0.0004)
Credit Risk Ratio	0.0206*** (0.0035)	0.0015 (0.0009)
Funding Structure	-0.0003 (0.0013)	-0.0018*** (0.0004)
Income Diversification	0.0023* (0.0012)	0.0010** (0.0004)
Profitability	-0.0018 (0.0011)	-0.0018*** (0.0005)
Bank Concentration	0.0007 (0.0009)	-0.0027*** (0.0003)
Financial Development	0.3486 (0.2597)	0.2200** (0.0992)
Real GDP Growth	0.0100*** (0.0030)	-0.0025 (0.0016)
Inflation	0.0082*** (0.0028)	-0.0113*** (0.0011)
Constant	1.5140** (0.7116)	1.1395*** (0.2156)
Observations	6386	6516
Banks	435	437
Countries	43	43
R-squared	0.6551	0.8973
Bank FE	Yes	Yes
Country FE	Yes	Yes
Year FE	Yes	Yes

Note: This table reports the results for further analysis by taking into account a country's role of adaptive capacity to climate events. Robust standard errors clustered at the bank level in parentheses. ***, **, and * denote statistical significance at the 1%, 5% and 10% level, respectively.

Further analysis (II)

Table 9. Further analysis: the role of central bank independence.

	(1)	(2)
	Beta	ΔCoVaR
Climate Salience	0.7291 (0.5864)	-0.0115 (0.3092)
High CBI	-0.0299 (0.0305)	0.1034*** (0.0130)
Climate Salience $\times$ High CBI	-3.2532*** (0.6246)	-0.4265 (0.3033)
Size	-0.0542** (0.0254)	-0.0194*** (0.0073)
Capitalization	0.0062 (0.0047)	-0.0013 (0.0015)
Lending	0.0005 (0.0012)	-0.0007* (0.0004)
Credit Risk Ratio	0.0201*** (0.0034)	0.0017** (0.0009)
Funding Structure	-0.0004 (0.0013)	-0.0016*** (0.0004)
Income Diversification	0.0024* (0.0012)	0.0010** (0.0004)
Profitability	-0.0020* (0.0012)	-0.0019*** (0.0005)
Bank Concentration	0.0005 (0.0009)	-0.0020*** (0.0003)
Financial Development	0.4811* (0.2525)	0.1067 (0.0914)
Real GDP Growth	0.0103*** (0.0030)	-0.0026* (0.0015)
Inflation	0.0089*** (0.0028)	-0.0102*** (0.0010)
Constant	1.6647** (0.7021)	1.2909*** (0.1970)
Observations	6386	6516
Banks	435	437
Countries	43	43
R-squared	0.6569	0.8992
Bank FE	Yes	Yes
Country FE	Yes	Yes
Year FE	Yes	Yes

Note: This table reports the results for further analysis by taking into account central bank independence. Robust standard errors clustered at the bank level in parentheses. ***, **, and * denote statistical significance at the 1%, 5% and 10% level, respectively.

Further analysis (III)

Table 11. Further analysis: the role of climate-related financial policy.

	(1)	(2)
	Beta	ΔCoVaR
Climate Salience	-1.9720*** (0.3094)	0.1226 (0.1010)
High CRFP	0.1352*** (0.0261)	0.0623*** (0.0106)
Climate Salience $\times$ High CRFP	-0.4028 (0.5543)	-0.8656*** (0.1108)
Size	-0.0431* (0.0252)	-0.0152* (0.0079)
Capitalization	0.0057 (0.0048)	-0.0025 (0.0015)
Lending	0.0006 (0.0012)	-0.0010*** (0.0004)
Credit Risk Ratio	0.0205*** (0.0034)	0.0013 (0.0010)
Funding Structure	-0.0001 (0.0013)	-0.0018*** (0.0004)
Income Diversification	0.0021* (0.0012)	0.0009** (0.0004)
Profitability	-0.0021* (0.0011)	-0.0019*** (0.0005)
Bank Concentration	0.0002 (0.0009)	-0.0028*** (0.0003)
Financial Development	0.5443** (0.2610)	0.3263*** (0.0998)
Real GDP Growth	0.0104*** (0.0030)	-0.0017 (0.0015)
Inflation	0.0078*** (0.0028)	-0.0108*** (0.0011)
Constant	1.2216* (0.7119)	1.1313*** (0.2196)
Observations	6386	6516
Banks	435	437
Countries	43	43
R-squared	0.6593	0.8978
Bank FE	Yes	Yes
Country FE	Yes	Yes
Year FE	Yes	Yes

Note: This table reports the results for further analysis by taking into account climate-related financial policy. Robust standard errors clustered at the bank level in parentheses. ***, **, and * denote statistical significance at the 1%, 5% and 10% level, respectively.

Conclusions (I)

- This paper examines the correlation between central banks' climate talk and banks' risk-taking behavior.
- Using a sample of 437 publicly listed banks from 43 countries from 2000 to 2019, we demonstrate that an increased proportion of climate-related discourse in central bank communications is positively correlated with a reduction in systematic and systemic risk for banking institutions.
- This phenomenon may be attributed to enhanced, transparent communication by central banks, which has been shown to support accountability and, consequently, independence.

Conclusions (II)

- In addition, empirical evidence suggests that banks in countries with stronger climate adaptation capabilities and stricter climate-related financial policies benefit more from central banks addressing climate issues.
- These findings carry critical policy implications within the broader context of an escalating involvement of central banks in climate-related issues and the consequent shaping of market participants' perception.

Thank you!