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The Impact of IFRS 9 Adoption on The Value Relevance of Earnings Per Share

أثر تبني المعيار الدولي للتقارير المالية رقم ٩ على ملائمة أرباح السهم

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Abstract

The objective of this research is to investigate the impact of IFRS 9 on the value relevance of earnings per share in The Egyptian Banks listed on the Egyptian Stock Exchange.

The research sample consists of 10 Banks listed on the Egyptian Stock Exchange. The research covers the period of 11 years (2014–2024) as (2014–2018) for the period before IFRS 9 and (2019- 2024) for the period after IFRS 9. To achieve the objectives of the research, a correlation analysis was conducted between IFRS 9 as an independent variable and the value relevance of EPS as a dependent variable, incorporating an interaction term between earnings per share (EPS) and the IFRS 9 adoption indicator into the Ohlson Model, to assess whether the

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new impairment model and other IFRS 9 provisions have improved the ability of earnings per share to reflect firm value and aid investors in the capital market.

The findings revealed that there is a significant difference in the level of value relevance in the earnings per share information under adoption of international financial reporting standards (IFRS 9).

Keywords: IFRS 9, Value Relevance, EPS, Share Price, Egyptian Banks, Egyptian Stock Exchange.

الملخص

يعتبر الهدف الرئيسي من البحث هو دراسة أثر تطبيق المعيار الدولي لإعداد التقارير المالية رقم ٩ على ملائمة القيمة لربحية السهم في البنوك المصرية المدرجة في البورصة المصرية. وتتكوّن عينة الدراسة من ١٠ بنوك مدرجة في البورصة المصرية، في ضوء الفترة الزمنية الممتدة على مدار ١١ عامًا (٢٠١٤–٢٠٢٤)، مقسّمة إلى فترتين: ما قبل تطبيق المعيار الدولي لإعداد التقارير المالية رقم ٩ (٢٠١٤–٢٠١٨) وما بعد التطبيق (٢٠١٩–٢٠٢٤). ولتحقيق هدف الدراسة، تم إجراء تحليل ارتباط بين المعيار الدولي لإعداد التقارير المالية رقم ٩ كمُتغيّر مستقل ومدى ملاءمة القيمة لربحية السهم كمُتغيّر تابع، وذلك من خلال دمج ربحية السهم ومؤشر تبني المعيار الدولي لإعداد التقارير المالية رقم ٩ ضمن نموذج أولسون الأساسي، بهدف تقييم ما إذا كانت تعديلات النموذج في القيمة وأحكام المعيار الدولي لإعداد التقارير المالية رقم ٩ المختلفة، قد حسّنت من قدرة ربحية السهم على عكس قيمة الشركة ومساعدة المستثمرين في سوق رأس المال. ومن أهم النتائج وجود اختلاف معنوي في مستوى ملائمة القيمة لمعلومة ربحية السهم بعد تبني المعيار الدولي لإعداد التقارير المالية رقم ٩.

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الكلمات المفتاحية: المعيار الدولي للتقارير المالية رقم ٩، ملاءمة القيمة، ربحية السهم، سعر السهم، البنوك المصرية، البورصة المصرية.

Introduction:

IFRS 9 replaced IAS 39 after the 2007–2008 crisis exposed problems in delayed credit-loss recognition. Unlike the incurred-loss model, IFRS 9 uses a forward-looking expected credit loss approach to enhance timeliness and transparency of financial reporting. Higher-quality accounting information increases investor decision-usefulness and value relevance, which reflects how well figures such as earnings and book value explain stock prices. This research examines whether IFRS 9 improved the value relevance of financial information for Egyptian listed banks by comparing pre-adoption (2014–2018) and post-adoption (2019–2024) periods.

1. Research Problem:

The introduction of IFRS 9 marked a fundamental shift in the accounting for financial instruments by redefining asset classification and measurement, replacing the incurred loss model with an expected credit loss (ECL) approach, and enhancing disclosure requirements. These changes aim to provide more timely and relevant financial information to user by aligning accounting treatment with business models, encouraging earlier recognition of credit risks, and improving transparency through detailed disclosures.

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Given that earnings per share (EPS) are one of the most widely used indicators for evaluating a company's financial performance and informing investment decisions, it is important to assess how the adoption of IFRS 9 has impacted the value relevance of EPS.

Thus, the problem of the research can be summarized in the following question:

What is the effect of IFRS 9 adoption on the value relevance of earnings per share?

2. Research Importance:

The significance of this research lies in its contribution to the academic literature in the field of accounting by investigating the relationship between IFRS 9 and the value relevance of earnings per share - within the environment of Egyptian banks listed on the Egyptian Stock Exchange.

Moreover, the research provides practical value to Egyptian banks and their stakeholders by enhancing their understanding of the effects of IFRS 9, particularly in terms of how it affects the relevance of key financial indicators such as earnings per share. This can support better financial reporting practices and more informed economic decisions.

4. Research Hypothesis:

In alignment with the research problem, the main hypothesis of the research is formulated as follows:

H1: There is a significant difference in the level of value

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relevance of the earnings per share information after the adoption of International Financial Reporting Standard 9 (IFRS 9).

5. Research Objective:

The primary objective of this research is to investigate the impact of the International Financial Reporting Standard 9 (IFRS 9) on the value relevance of earnings per share.

6. Research Methodology:

To examine the relationship between the adoption of IFRS 9 and the value relevance of earnings per share, this research employs a quantitative approach based on an empirical analysis of a selected sample of Egyptian banks. The population of the research conists of banks that are listed on the Egyptian Stock Exchange excluding Bank du caire, Faisal Islamic bank of Egypt – Egyptian Pound Account - US Dollar Account and The United Bank due to the difficulty of obtaining their financial information, so the sample consists of 10 banks of the banks that are listed on the Egyptian Stock Exchange and have adopted IFRS 9. The research period is divided into two phases:

The pre-adoption period: from 2014 to 2018, representing the period before the implementation of IFRS 9, The post-adoption period: from 2019 to 2024, reflecting the period after the standard was applied.

This time frame allows for a comparative analysis to assess the impact of IFRS 9 on the value relevance of earnings per share, using financial data relate to earnings per share.

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7. Literature Review:

(Albanna, A., 2019) uses a qualitative method to assess IFRS 9's effects on Expected Credit Loss provisioning in UAE banks. Through interviews and group discussions, the study finds that impairment provisions are likely to increase by about 25%, requiring stronger capital buffers and potentially higher equity. The forward-looking model may raise loan prices for riskier borrowers and affect deal pricing. Banks are expected to adjust by tightening lending controls, revising policies, and strengthening client relationships to manage higher provisions.

(Awawda, R., 2019) uses a mixed-method approach to study IFRS 9's impact on banks in Palestine and Jordan. The quantitative event study (Phase 1) based on 2011–2012 data from 31 banks finds no significant effect on comprehensive income or equity from classification and measurement changes. The qualitative survey (Phase 2) involving 38 banks indicates that the expected credit loss model will likely affect comprehensive income, provisioning levels, and capital adequacy ratios. The study also reports practical implementation challenges across both banking sectors.

(Adwan, S., et al., 2020) use data from 270 firms across 29 countries (2005–2011) to assess how exposure to fair value accounting affects value relevance during financial crises. Results show that higher fair value exposure increases the value of relevance of book value of equity but reduces the relevance of

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net income. Firms using fair value measurements more extensively were less negatively affected by the crisis.

(Albian, A., 2020) analyzes 1,261 observations from 172 IFRS-reporting banks (2016–2019) and 3,775 observations from 319 U.S. GAAP banks to study effects of the IFRS 9 ECL model. Post-adoption, loan loss provisions became less linked to traditional incurred-loss determinants, indicating reduced reliance on objective factors, and weaker market discipline. U.S. GAAP banks showed no significant changes.

(Damian, M., et al., 2020) evaluate whether fair value reporting of financial assets improves value relevance compared with historical cost for Romanian firms listed on the Bucharest Stock Exchange (2014 – 2017). Using 68 firm-quarter observations from financial services and insurance companies, the study finds that fair value measurements better explain share prices than historical cost and add explanatory power beyond book value when financial assets are excluded. However, value relevance differs by fair value hierarchy: only Level 1 financial assets are value relevant, whereas Levels 2 and 3 are not.

(Marzuki, M., et al., 2021) examine IFRS 9 implementation in Malaysian Islamic financial institutions using interviews with regulators, auditors, accountants, and academics. Results show IFRS 9 improves the relevance and reliability of financial reports compared with IAS 39. Auditors stress strict compliance for accurate reporting. The standard fits the contract-based nature of

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Islamic products and introduces simplified business-model classification but faces challenges in fair-value accuracy, consistent substance-over-form application, early instrument identification, and controlling manipulation risk in business-model classification.

(Orbán, I., and Tamimi, O., 2020) assess IFRS 9's effect on loan loss allowances by analyzing 2017–2018 annual reports of 18 major European banks. Results show minimal year-to-year changes due to strong credit profiles and low probabilities of default, which kept ECLs low. Some banks also leveraged IFRS 9's methodological flexibility to limit profit impact. Country-level differences appeared: Italy, France, and Spain had the highest ECLs; the UK, Germany, and Norway were average; Switzerland reported the lowest.

(Szucs, T. and Márkus, G., 2020) analyze IFRS 9 financial statement data from 91 European listed financial institutions to determine which factors affect market rates. They observe stock price reactions across three disclosure dates from 2017 to Q1 2018. Results show that balance sheet restructuring under IFRS 9 does not significantly influence market rates. However, the shift to the new impairment methodology under IFRS 9 materially affects stock market performance. Additionally, the timing and format of IFRS 9-related disclosures significantly impact market reactions.

(Dib, D., and Feghali, K., 2021) analyze IFRS 9's impairment

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impact using data from 19 major Lebanese banks (2017), covering 91% of sector consolidated balance sheet. SPSS tests show that expected credit loss requirements under IFRS 9 do not materially affect bank accounts relative to equity and are not positively linked to average historical credit losses or current loan provisions. However, ECL figures correlate positively with the size of investment securities portfolios, while liquid assets remain unaffected.

(Hassouba, K., 2021) evaluates how IFRS 9's ECL model and corporate governance influence loan loss recognition timeliness in Egyptian banks using 240 quarterly observations from 30 banks (2018–2019). The study finds the ECL model improves timeliness of loss recognition. Board independence enhances this effect, while CEO duality weakens it. Board size, institutional ownership, and audit quality show no significant impact.

8. IFRS 9: An Overview

The International Accounting Standards Board (IASB) issued IFRS 9- Financial Instruments in July 2014, following several years of extensive preparation and development. With the implementation date in 2018 (Dib, D., & Feghali, K, 2021), and it was implemented in Egypt in January 2019.

IFRS 9 was developed with the primary objective of reducing the complexity that had been widely associated with the accounting for financial instruments under IAS 39

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(Petchchedchoo, P., & Duangploy, O., 2017), it replaced IAS 39-Financial Instruments Recognition and Measurement, as well as all previous IFRS 9 versions (2009, 2010, and 2013) (Dib, D., & Feghali, K, 2021).

The development of IFRS 9 was carried out in three phases: classification and measurement of financial assets and liabilities, impairment and hedge accounting. (Orbán, I., and Tamimi, O., 2020).

8.1 Phase I: Classification and Measurement

One of the most significant issues in accounting for presenting the values of assets and liabilities in the financial statements is the classification and measurement of financial instruments. Classification involves determining the specific categories into which financial instruments should be placed, and the measurement concerns the process of establishing the appropriate value at which those instruments should be recorded (Gope, A, 2018).

8.1.1 Accounting for financial assets

IFRS 9 replaced the earlier IAS 39, and a new method for the classification and measurement of the financial assets is introduced by IFRS 9 (Kvaal, E., et al, 2024).
profit or loss (FVTPL).

The classification of financial assets, under IFRS 9, is determined based on two key factors, the business model that the institution applies for managing its financial assets, and the specific characteristics of the contractual cash flows associated

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with these assets (Kvaal, E., et al, 2023).

8.1.2 Accounting for financial liabilities

(a) Classification and subsequent measurement of financial liability

- Financial liabilities measured at amortized cost, if financial liabilities are not held for trading, they must be classified as at amortized cost.
- Financial liabilities at fair value through profit or loss (FVTPL). And this will include financial liabilities held for trading and also all derivatives that are not part of a hedging.

8.2. Phase 2: Impairment

A new impairment model has been added in the final version of July 2014 which is a forward-looking model. This model was designed to replace the more complex and often criticized impairment framework under IAS 39 (Beerbaum, D, 2024).

The previous standard, IAS 39, was frequently criticized for its contribution to increased volatility in financial reporting, which was largely attributed to its use of the incurred credit loss (ICL) model. This model delayed the recognition of credit losses until there was objective evidence of impairment, thereby reducing the timeliness and relevance of the financial information, In contrast, IFRS 9 adopts an expected credit loss (ECL) approach, which is intended to facilitate more timely and forward-looking recognition of credit impairments (Ribeiro, C., de Santana, J., Pimentel, R., & Salotti, B., 2024).

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IFRS 9 establishes three separate approaches for recognizing and measuring expected credit losses based on changes in credit quality since initial recognition: The general approach, the simplified approach and Purchased or Originated credit impaired approach.

(a) The General Approach

Under the General approach, the institutions are required to follow three-stages in which they evaluate the credit quality of their financial instruments at each reporting period after initial recognition and determine the expected credit losses accordingly based on either 12-month ECL or lifetime ECL (Dong, M., & Oberson, R, 2022).

The three stages of the general approach based on the degree of credit deterioration can be explained as follows:

Stage 1: Financial assets are classified in stage 1 when an institution indicates that there was not a significant increase in the credit risk (SICR) since the initial recognition, then the 12-month expected credit losses are used to calculate the loss allowances, and the interest revenue is computed on the gross carrying amount of the financial assets (Albanna, A. A, 2019).

Stage 2: Financial assets are classified in stage 2 where there is a significant increase in credit risk (SICR) since acquisition, and do not reflect any objective evidence of impairment, then lifetime ECL are used to calculate the loss allowances, and the interest

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revenue is computed on the gross carrying amount of the financial assets (Brito, R. P., & Júdice, P, 2022).

Stage 3: Financial assets are classified in stage 3 where the financial asset is credit-impaired (There is an objective evidence of impairment) then lifetime ECL are used to calculate the loss allowances, and the interest revenue is computed on the net amount (Gubareva, M, 2021).

(b) The Simplified Approach

The simplified approach is designed to assist institutions that do not possess the necessary resources, expertise, or systems required to effectively implement the general approach. For trade receivables or contract assets that do not contain a significant financing component rather than requiring institutions to continuously monitor and track changes in credit risk, the simplified approach requires that an institution determine a loss allowance based on the expected credit losses along the entire life of the financial instrument (lifetime ECL) from initial recognition and at each reporting date (Sultanoğlu, B, 2018).

However, in cases where trade receivables or contract assets arise from transactions governed by IFRS 15 that include a significant financing component, as well as for lease receivables, the institutions have a choice to apply either the simplified approach so determine a loss allowance along the life of the financial instrument (lifetime ECL) from initial recognition or to apply the general approach which involves assessing changes in credit risk during the duration of the

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financial instrument (PWC, 2023).

Within the simplified approach, a provision matrix can be used to estimate ECL for the financial instruments (Pulin, A, 2021).

(c) Purchased or Originated Credit-impaired approach

This approach is applied for assets that are clearly impaired at the time of initial recognition, like loans that were purchased at an extremely discount because of their high credit risk (Abdrashitova, R, 2022), in this case there is no allowance for 12-month ECLs recorded, but recognized a loss allowance for lifetime expected credit losses (Ernst & Young, 2018), and the interest revenue is computed on the net amount (the difference between gross carrying amount of the financial assets and the ECL) and is used credit-adjusted Effective interest rate (Pulin, A, 2021).

8.3. Phase 3: Hedge Accounting

In November 2013, chapters that included hedge accounting have been published and have remained unchanged to date (IASB,2014). Hedge accounting is an accounting technique that is applied in situations where a financial instrument is used by an institution to manage or reduce exposure to specific financial risks (Almubaideen, H. I., Joudeh, A., Alsakeni, S., & Abd allah, K, 2019).

9. Value relevance of accounting information: An overview.

Relevance is considered one of the fundamental qualitative characteristics of financial information. The accounting

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information presented is expected to provide significant value to investors, lenders, and other creditors by supporting them in making informed economic decisions.

Value relevance refers to the extent to which investors rely on the accounting data presented in financial statements when making their investment decisions. It reflects the degree to which changes in accounting figures are associated with corresponding changes in stock prices (Imhanzenobe, J, 2022). In other words, it indicates how well the financial statement data explains or captures variations in the market value of a firm.

Value relevance specifically emphasizes the relationship between accounting figures and stock market values as indicators of the institution's worth. Accounting data are regarded as value relevant when they have a significant and observable impact on the market value of the institution. Conversely, if the accounting figures do not demonstrate a meaningful influence on the firm's stock price, they are considered not value relevant (Ramadan, M., 2018). Therefore, financial information is deemed to be value relevant when stock price fluctuations are closely linked to the disclosure of that information.

9.1 Model of value relevance measurement

To empirically investigate how the accounting figures related to the firm value, a valuation model is necessary (Ota, 2003).

The (Ohlson, 1995) Price model, The pricing model introduced by Ohlson in 1995 serves as a foundational

framework for examining the value relevance of accounting information. (Puspa, D., Nazaruddin, I., & Minovia, A., 2023).

This model seeks to examine how the explanatory power of book value and earnings in determining share prices has evolved over time. Book value and earnings are frequently employed as key financial indicators because they represent two core components of financial statements: book value relates to the balance sheet, indicating the net assets of the company, while earnings are derived from the income statement, reflecting the company's profitability (Almujamed, H. & Alfraih, M., 2019). By incorporating both variables, the model provides a comprehensive view of how fundamental accounting figures influence stock prices.

In the Price Model, book values and earnings are used as independent variables, while the market price per share (MPS) is considered the dependent variable that reflects the value of the institution in the market. **(**Srivastava, A., & Muharam, H, 2021).

$$\mathbf{MPSit = \beta0 + \beta1 * BVPSit + \beta2 * EPSit + \varepsilon it}$$

MPSit = is the share price of firm i in year t.
BVPSit = Book value per share of firm i in year t.
EPSit = Earnings per share of firm i in year t.
$\beta0$ = intersection.
$\beta1$ & $\beta2$ = regression coefficients on independent variables.
εit = random error .

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One of the main advantages of using the Ohlson Model in this research is its strong theoretical foundation, which links accounting information such as earnings to a firm's market value.

The model provides a structured and empirically testable framework for assessing the value relevance of accounting figures, making it highly suitable for Stock market analysis.

Furthermore, it facilitates direct comparisons between the explanatory power of different financial variables, such as earnings per share and book value, in explaining share prices. This allows researchers to evaluate which components of financial reporting are most useful to test the value relvance, thereby enhancing the understanding of financial information's role in equity valuation.

10. Earnings and market share price:

An institution’s profitability is fundamentally captured by its net income, which reflects the total earnings generated during a given financial period. However, the portion of these profits that is specifically attributable to the owners of the institution namely, the common shareholders is expressed through Earnings Per Share (EPS) (Nalurita, F, 2016).

EPS is a widely used financial indicator that measures how much profit an institution earns for each outstanding common share, It serves as a key measure of the institution’s efficiency in generating returns for its shareholders (Bustani, B, 2024).

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The market price of a company's shares is subject to fluctuations driven by various internal and external factors. One significant driver of these fluctuations is the institution's reported earnings performance. When a company announces strong or better-than-expected earnings results, investor confidence typically increases, as such outcomes signal financial strength and the potential for future profitability. This enhanced confidence often translates into higher demand for the company's shares in the market, which in turn exerts upward pressure on the stock price. In contrast, when an institution reports negative or disappointing earnings, investor sentiment may weaken considerably. This decline in confidence can lead to a sell-off in the stock, resulting in a rapid decrease in its market price (Kumar, P, 2017).

As earnings per share (EPS) demonstrate a significant influence on a share price, it indicates that investors rely on this financial indicator in their decision-making processes. This relationship suggests that EPS contains useful and relevant information that is reflected in the market valuation of the firm. Accordingly, the ability of EPS to explain or predict changes in share prices is considered evidence of its value relevance within the context of financial reporting and capital market.

Earnings per Share = <u>Net income - Preferred Dividends</u>
Weighted Average Number of Common Shares Outstanding
(IAS 33.10)

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Using the weighted average number of common shares during the reporting period is more accurate, as the number of shares can fluctuate over time.

11. The relationship between IFRS 9 and Value relevance of EPS

A key aspect of IFRS 9 affecting the value relevance of earnings per share (EPS) is the shift from the incurred loss model to the expected credit loss (ECL) model, which requires earlier recognition of credit losses using forward-looking information. This enhances the timeliness and informativeness of financial reporting (Gubareva, M, 2021) (Awuye, I., & Taylor, D, 2024), including earnings, thereby improving EPS's usefulness to investors.

Additionally, IFRS 9 emphasis on fair value measurement increases the responsiveness of financial data to current market conditions and are generally believed to reflect more relevant information for users who aim to assess the present value of expected future cash flows (Feghali, K., Jreije, R., & Bahnan, N, 2023). This is likely to affect EPS, as changes in fair value recognized through profit or loss directly influence net income and, consequently, earnings per share. Given that EPS becomes more responsive to current market conditions, its association with share prices is expected to strengthen, thereby enhancing its value relevance from an investor's perspective.

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12. Test of hypothesis

To measure the impact of IFRS 9 on the value relevance of earnings per share (EPS) in Egyptian Banks listed on the Stock Exchange a correlation analysis was conducted between IFRS 9 as an independent variable and the value relevance of EPS as a dependent variable. The effect of this was measured through a regression model.

The research sample consists of 10 banks listed on the Egyptian Stock Exchange.

First: Descriptive Statistics:

The data have been collected for before adopting the IRFS9 period (2014-2018) and under the IFRS9 period (2019-2024). The following table presents the descriptive statistics of the variables used in the analysis comparing pre-IFRS data with post-IFRS.

The sample consists of 10 banks with 110 year observations for the period 2014–2024. The accounting information includes the bank's share price (MVPS), and the earnings per share (EPS).

The following table compares descriptive statistics for the two mentioned accounting information variables for the Pre-IFRS9 period (2014-2018), the Posst-IFRS9 period (2019-2024), and for the entire (2014-2024) period.

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Descriptive statistics for the accounting information variables

EPS	
Mean	**6.14**
Median	**3.85**
Maximum	**64.24**
Minimum	**-1.28**
Std. Dev.	**8.72**

Table 1: Entire Sample (2014-2024)

EPS	
Pre-IFRS9 (2014-2018)	
Mean	**3.57**
Median	**2.97**
Maximum	**15.42**
Minimum	**-1.28**
Std. Dev.	**2.84**
Post-IFRS9 (2019-2024)	
Mean	**8.29**
Median	**5.09**
Maximum	**64.24**
Minimum	**0.83**
Std. Dev.	**11.12**

Table 2: Pre and post IFRS 9

Second: Tests of hypotheses:

Before starting to test the research's hypotheses, the correlation between the research's variables must be analyzed as follows:

The results of the correlation matrix between the accounting information variables.

Variables		EPS	MVPS
EPS	**Pearson Correlation**	**1**	
	Sig. (2-tailed)	**---**	
	N	**60**	
MVPS	**Pearson Correlation**	**.372****	**1**
	Sig. (2-tailed)	**0.003**	**---**
	N	**60**	**60**

Table 3: **. Correlation is significant at the 0.01 level (2-tailed).

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Earnings per share are significantly positively correlated with share price. These relationships indicate that earnings per share contribute to explaining variations in share price.

H1: There is a significant difference in the level of value relevance of the earnings per share information under adoption of International Financial Reporting Standards (IFRS 9).

$MVPS_{i,\,t+1} = \beta_0 + \beta_1 EPS_{i,\,t} + \varepsilon_{i,\,t}$

The Earnings Per-Share (EPS) relevance regression model with IFRS9

$MVPS_{i,\,t+1} = \beta_0 + \beta_1 EPS_{i,\,t} + \beta_2 IFRS9 + \varepsilon_{i,\,t}$

Parameter	Estimate β_i	Std. Error S.E.	T-test		F –test		R^2 Adj. R^2
			Value	Sig	Value	Sig	
Constant	6.176	1.771	3.487	.001	15.032	.000	.219 .205
Earnings per Share (EPS)	.585	.137	4.261	.000			
IFRS9	5.195	2.393	2.170	.032			

Table 4: EPS with IFRS9

The Earnings per Share (EPS) relevance regression model without IFRS9

$MVPS_{i,\,t+1} = \beta_0 + \beta_1 BVPS_{i,\,t} + \varepsilon_{i,\,t}$

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Parameter	Estimate β_i	Std. Error S.E.	T-test		F –test		R^2 Adj. R^2
			Value	Sig	Value	Sig	
Constant	8.515	1.429	5.957	.000	24.511	.000	.185 .177
Earnings per Share (EPS)	.665	.134	4.951	.000			

Table 5: EPS without IFRS9

Results of the Earnings per share (EPS) relevance regression model with and without IFRS9 (H1)

Banks	Model with IRFS9			Model without IRFS9		Interpretation
	IFRS9 Coefficient	F test	Adj. R^2	F	Adj. R^2	
CIB	12.52 (p<.05)	17.86 (p<.05)	.77	25.33 (p<.05)	.71	Both models are statistically significant and explain a substantial portion of the variance in MVPS. Including IFRS9 improves the model's explanatory power, as reflected by the higher adjusted R^2 and the significant IFRS9 coefficient. IFRS9 has a meaningful positive impact, enhancing the model's fit. Accept H1
QNB	7.44 (p<.05)	24.38 (p<.05)	,82	12.37 (p<.05)	.53	Both models are statistically significant, but the model with IFRS9 is much stronger in terms of explanatory power. The significant IFRS9 coefficient suggests a substantial positive impact on MVPS. Including IFRS9 greatly enhances the model's fit and explanatory capability. Accept H1

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Abu Dhabi Islamic Bank (ADIB)	**4.96 (p>.05)**	**10.73 (p=.05)**	**.66**	**20.05 (p<.05)**	**.66**	**Both models demonstrate strong explanatory power with equal adjusted R^2 values. The model without IFRS9 has a more significant F-test, indicating it is statistically stronger overall. The IFRS9 coefficient is not significant, suggesting it does not meaningfully improve the model's fit. Reject H1**
Credit Agricole	**.54 (p>.05)**	**11.40 (p=.05)**	**.68**	**25.37 (p<.05)**	**.71**	**Both models are strong, but the model without IFRS9 has a slightly better fit and is more statistically robust. The IFRS9 coefficient is not significant, suggesting it does not substantially enhance the model. Excluding IFRS9 slightly improves the model's explanatory power. Reject H1**
Bank Al Baraka Egypt	**5.66 (p<.05)**	**3.63 (p>.05)**	**.35**	**.003 (p>.05)**	**-.11**	**The model with IFRS9 explains a moderate amount of variance, but it's not statistically significant overall. The IFRS9 coefficient itself is significant, showing a positive contribution, but the overall model fit is lacking. The model without IFRS9 performs very poorly and provides almost no explanatory power. Including IFRS9 improves the model to some extent, but not enough to achieve overall significance. Reject H1**

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Suez Canal Bank	**-2.53 (p<.05)**	**95.74 (p<.05)**	**.95**	**95.91 (p<.05)**	**.90**	**Both models are statistically significant with very high explanatory power. The model with IFRS9 has a slightly higher adjusted R^2, indicating a marginally better fit. The significant negative IFRS9 coefficient suggests that IFRS9 has a substantial negative impact on MVPS, providing a meaningful contribution to the model's fit. Accept H1**
Egyptian Gulf Bank– EG Bank	**-2.84 (p>.05)**	**4.01 (p>.05)**	**.38**	**4.7 (p>.05)**	**.27**	**Both models are not statistically significant and have limited explanatory power. The model with IFRS9 explains more variance than the model without it, but neither model achieves statistical significance overall. The IFRS9 coefficient, being not significant, does not add meaningful improvement despite the slightly better fit. Reject H1**
Housing and Developme nt Bank	**8.82 (p>.05)**	**2.75 (p>.05)**	**.26**	**4.47 (p>.05)**	**.27**	**Both models are not statistically significant and have limited explanatory power. The adjusted R^2 values are similar, with the model without IFRS9 performing marginally better. The IFRS9 coefficient is not significant, contributing little to improving the model's fit. Reject H1**
Societe Arabe Internation	**3.64 (p<.05)**	**19.22 (p<.05)**	**.79**	**21.65 (p<.05)**	**.67**	**Both models are statistically significant and explain a substantial**

ale De Banque-SAIB						**portion of the variance in MVPS. The model with IFRS9 has better explanatory power, as shown by the higher adjusted R^2. The significant IFRS9 coefficient suggests it provides a meaningful positive contribution to the model. Accept H1**
Export Development Bank of Egypt	**-3.31 (p<.05)**	**58.08 (p<.05)**	**.92**	**1.08 (p>.05)**	**.008**	**The model with IFRS9 is highly significant and explains a substantial amount of variance. The significant negative IFRS9 coefficient suggests a meaningful negative impact on MVPS. The model without IFRS9 performs very poorly and does not explain the variance effectively, highlighting the importance of including IFRS9. Accept H1**
Total Sample	**5.20 (p<.05)**	**15.03 (p<.05)**	**.21**	**24.51 (p<.05)**	**.18**	**Both models are statistically significant, showing effectiveness in explaining variance. The model with IFRS9 has a slightly better fit, as reflected by the higher adjusted R^2. The significant IFRS9 coefficient suggests a positive contribution to the model's explanatory power. Accept H1**

Table 6: Earnings per share (EPS) relevance regression model with and without IFRS9

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13. Research Conclusion:

After discussing the theoretical framework of IFRS 9, value relevance and the relationship between IFRS 9 and the value relevance of earnings per share, and based on an applied research result, the following can be concluded:

In conclusion, the analysis of the hypothesis (H1) demonstrates that the adoption of IFRS 9 has a generally positive and significant impact on the value relevance of Earnings per Share (EPS) for several banks. In particular, institutions such as CIB, QNB, and SAIB showed a statistically significant increase in the explanatory power of their valuation models when IFRS 9 was incorporated, as indicated by the improvement in adjusted R-squared values and the significance of the IFRS9 coefficient. This supports the assertion that IFRS 9 enhances the informativeness of reported earnings in these cases.

However, the results were not consistent across all banks, other banks, including ADIB, Credit Agricole, Housing and Development Bank and EG Bank, did not demonstrate statistically significant improvements in EPS value relevance after adopting IFRS 9, suggesting potential contextual, operational, or reporting factors affecting the usefulness of EPS in these institutions.

Bank Al Baraka Egypt presents a significant positive IFRS9 coefficient, yet the overall model lacks statistical significance, suggesting some positive contribution by IFRS9 but insufficient

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evidence to fully support H1.

Suez Canal Bank and Export Development Bank of Egypt exhibit significant negative IFRS9 coefficients and high explanatory power in models including IFRS9. This indicates that IFRS9 negatively influences the relationship between EPS and MVPS for these banks, yet still contributes meaningfully to model fit, thus supporting H1 but suggesting a more complex interaction.

At the aggregate level, the regression results support the hypothesis, with IFRS 9 significantly enhancing the model fit and positively influencing market valuation. Therefore, the hypothesis H1 is accepted overall, and there is a significant difference in the level of value relevance of the earnings per share information under adoption of International Financial Reporting Standards (IFRS 9) in the entire sample.

The observed differences in the impact of IFRS9 on the relevance of EPS to MVPS across banks can be attributed to several factors. Firstly, variations in the banks' core activities and business models. Secondly, differences in the degree of IFRS9 implementation and management's judgment in estimating allowances lead to varying effects on reported earnings and market perceptions. Additionally, the size and capital structure of banks influence their capacity to absorb IFRS9-related adjustments. Lastly, differences in data quality and disclosure practices, which affect the accuracy and comparability of reported figures

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14. Resources

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