Abstract. Today the status of the financial market distinguishes three groups of investors: individual, corporate and institutional. Corporate investors that are engaged or could potentially carry out investment activities on the basis of investment resources are represented by non-financial corporations with different forms of ownership, corporations that take deposits (i.e. banks and branches of foreign banks) and insurance corporations. However, the analysis of approaches, which determine the composition and procedure of corporate investors’ investment resources, shows that there are some features that require further objective of theoretical research perspective especially those that are outlined by the investment resources of banks. Author has made a research that was founded on the calculation of banks’ investment resources and isolation measures to limit the investment risk associated with the implementation of investment banks and securities transactions that affect the implementation of their investment potential. Author has proved that among tangible and intangible resources of banks, there can be distinguished not only investment funds (assets) that have brought investment income, but also those that potentially, in the future, can be transformed into investment. Maximum allowable normative value of funds that can be invested by the bank reflects the marginal investment resources of the bank. And the limit that characterizes the amount of investment resources also represents information about bank funds that are invested and the value of bank potential investment in different sectors of the country’s economy.

Key words: banks, corporate investors, investment bank resources

1. Introduction

The driving element in the processes of economic development as separate institutional units and the state in general, is investment, whose mission is to implement optimal liquidity investment resources with a profit or social impact, and thus ensure the effective use of investment potential investors. Investments’ movement in the form of investment flows has become an integral part of national economy’s financial and economic mechanism. After all, the bigger volume, higher efficiency and mobility of investment flows are, the faster the reproductive process and positive market transformations are [1, p.100]. And exactly investors form available funds, which in the course of their investment activities are transformed and become financial basis of the various sectors of the economy and of the financial market in general. Today, the status of the financial market, distinguishes three groups of investors: individual, corporate and institutional. Corporate investors act mainly as joint stock companies, as well as enterprises and institutions of other forms of ownership. This group of investors, on the one hand, emits securities to raise funds, and on the other is looking for ways to accommodate their temporarily free funds. Therefore the problem of resource support of investment potential processes forming, and hence the investment of various institutions of both real and financial sectors of the domestic economy actualize the research of the essence and elemental composition of investment resources of various institutional units.

Studies of theoretical and methodological aspects of the investment resources nature were devoted works of many scholars, among them: Pierre Massé, William F. Sharpe, Jeffrey C. Alexander and John. W. Bailey, N.B Demchyshak, I.Z Dolzhanskiy , T. Mayorov, VI Schelkunov, A. Vovk and others. However, the analysis of approaches that determine the composition and procedure of investment resources of corporate investors and certain features show that objective requires further research of theoretical issues outlined by the banking institutions as corporate
investors. Thus, the purpose of the article is to study the foundations of the banks’ investment resources calculation and isolation measures to limit the investment risk associated with the implementation of investment by banks and securities transactions that affect the implementation of their investment potential.

2. Results
Corporate investors that are engaged in or could potentially make investment based on their own investment resources are represented by non-financial corporations with different forms of ownership, corporations that take deposits (i.e. banks and branches of foreign banks) and insurance corporations. These financial market institutions, as well as non-financial corporations, require necessary financial resources for their normal operation that is the basis of investment resources creation. However, while banks act as specific enterprises (organizations) the approach to their financial resources building is significantly different from the composition and characteristics of financial resources from non-financial corporations. So if the bank has temporarily available own funds, and uses them as investment resources for investment, but in no case for credit activity (even concerning investment lending), the bank in this case, will serve as the corporate investor. Banks are corporate investors that can make portfolio investments in shares of companies (purchase of shares in small volumes, which allows only indirect control over the Issuer within the portfolio, taking into account the optimal combination of risk parameters - profitability) as well as direct investments in shares of companies (acquisition large blocks, giving the bank as an investor to carry out the current management of the enterprise and determine its strategy development) [2].

In general, we note that the banking sector represents a business in which banks meet the market needs in the necessary financial resources or provide certain types of banking services by receiving this income [3, s.146]. Therefore, sufficient in volume and structure banks financial resources are not only an important prerequisite for their ability to perform active banking operations, their profitability, support of sufficient liquidity and confidence of the various financial market participants, but also it enhances the capacity of banks to satisfy current and investment needs of non-financial corporations and households in additional financial resources.

Financial resources of banks in the microeconomic aspect may be described as the accumulated by bank sources using equity securities issue or received on loan the money market funds of economic entities on the basis of binding legal and intra origin of the funds, including performance of the bank, used for placing further defined according to the bank lines for profit, provide liquidity, strengthen the material-technical base of the bank, etc. [4, p.70]. Consequently, the financial resources received by the Bank in a variety of revenues and earnings in the operation of the bank transformed from category to category, from group to group and transformed in some other form.

It must be emphasized that financial resources of banks have specific features, which are determined by the characteristics and location of banks in the system of market relations [5, p.73]:
- While providing banking services and profit-dominated movement of financial resources, usually in the form of customer funds attracted. For the sphere of material production characteristic inverse practice: the movement of financial resources has a supporting function versus productive activities;
- The bank is a processing center operator and intermediary in financial transactions of other economic agents, leading to a multi-bank participation in the work of a significant number of different industries and forms of ownership. Thus, bank’s dependence on the customer base is quite high, which causes an increased risk of banking activities;
- Banks are mainly engaged in financial resources, while the companies are working on their own funds, addressing the need for a loan to banks.

The basis of financial resources of the bank, as of the companies appears revenue and earnings. In the overview the banking income reflects income derived from the exercise on a paid basis of banks certain operations. Banks’ revenues are delineated by activities [6]:
1) Income from operating activities of the bank:
   a) Interest income is an operating income received from the bank funds use, cash equivalents or amounts owed to banks:
- Gains on funds placed with other banks;
- Income from loans and deposits to legal entities and individuals, and other financial instruments, including securities;
- Income from amortization of discount (premium) on securities;

b) Commission income is an operating income for the following services provided:
- Cash management services;
- Operations in the foreign exchange markets purchase and sale of foreign currency for their own needs and customers;
- Securities transactions on behalf of third parties;
- Storage and management of securities;
- Opening accounts;
- Transfers;
- Off-balance sheet transactions;

a) Profits from trading are the result of transactions on purchase and sale of various financial instruments. Bank recognizes income including securities and transactions on operations with foreign currency and precious metals:
- From the sale of financial investments;
- From changes in the investments assessment (reassessment) at fair value;
- From the revaluation of assets and liabilities in foreign currency and precious metals in case of hryvnia rate change to foreign currencies (precious metals);

d) Dividend income is an income that emerges from the bank securities use with variable income;

d) Income from assets previously written off return is funds received for debt that is recognized hopeless;

f) Other operating income is an income from operations not related to investing and financing activities as well as those that are not included in the above-mentioned group of operating income and expenses:
- Income from operating leasing (rental);
- Penalties (fines) received from bank transactions, etc;

f) Unanticipated revenue - is revenue arising from extraordinary events that are one-time in nature and not repeated in substance and recognized the incident (e.g., the amount of insurance compensation for losses from emergencies);

2) Income from bank investment:

a) Income from operations for investments increase in associates;

b) Income from operations for investments increase in subsidiaries;

c) Proceeds from the sale of fixed assets and intangible assets;

d) Gains on disposals of investment securities;

3) Revenues from bank financial activities:

a) Gains on own debt securities;

b) Income on subordinated debt;

c) Income from equity instruments issue.

Focusing our attention on the fact that the financial resources of the bank are formed not only by its revenues, but also due to cash flows that we have specified based on the "Rules of accounting of income and expenses of banks Ukraine" as income of the bank from other persons that are not recognized by its revenue [6]:

- The amount of the security deposit or loan repayment, if it is required by the relevant agreement;

- Receipts under the commission contract, agency and similar contract for the principal, etc;

- The amount of advance payment on account of prepayment of services, goods, etc;

- Revenues belonging to other persons;

- Proceeds from the initial public offering of securities;

- The amount of value added tax, other taxes and duties that are transferred to the budget and extra-budgetary funds.
By placing financial resources in assets, the bank carries out various types of active operations, under which assets are ranked into: cash; correspondent account in the National Bank; accounts at other banks; credit portfolio; securities portfolio; fixed assets and intangible assets; other assets. Meanwhile, the banks, while creating assets, always make sure that some of the money is in the form of compulsory and free reserves and timing of investments in asset is answered in terms of raising funds liabilities [3, s.150].

Banks’ assets are also divided into the assets that deliver income ("working" assets) and assets that do not generate income. Assets that do not generate revenue include such tangible and intangible assets, as cash on hand, funds on correspondent accounts with the National Bank of Ukraine, the funds in reserve accounts as well as fixed assets, materials, intangible assets and money income (means that are temporarily or irrevocably out of rotation - used part of the profits from budget and deferred tax assets). Assets that generate revenue include credit and investment portfolio, deposits and loans from other banks.

Thus, among the tangible and intangible resources of banks we can not only distinguish these resources (assets), that bring the investment income, but also those that potentially, in the future, can be transformed into investment. Such bank resources are transformed with the resources (financial investments), that summarizes the value of investment banks resources (corporations that take deposits) as corporate investors. Therefore, in our opinion, investment resources of banks, corporations that take deposits, as opposed to non-financial corporations are all components of their assets, calculated by their value (the cost of the asset minus provisions for impairment of the asset).

Thus, among the investment resources of banks there can be distinguished not only can those that have brought investment income, but those that potentially, in the future, can be transformed into investment. These investment resources are all assets, except:

- Shares and other securities with variable income in the trading portfolio of bank and held for sale issued by banks, non-bank financial institutions and other issuers;
- Investments in associates and subsidiaries.

It should be noted that the potential possibility of banks’ investment is limited by the priority decision of basic banking financial services that define the essence of the bank as a financial intermediary, such as attracting deposits (deposits) funds and precious metals from an unlimited number of businesses and individuals; opening and maintaining current (correspondent) accounts of customers, including precious metals; placement of attracted deposits (deposits), including current accounts, funds and precious metals on its own behalf, on its own terms and at their own risk. [7]

In Ukraine, as in European countries, banks are allowed to combine basic financial services with investment activities. However, the riskiness of investments has lead to the adoption of certain regulatory applications from the state, that are embodied in the adoption and proper state control of special restrictions that constrain excessive investment banks in securities.

Thus, the Law of Ukraine "On Banks and Banking Activities" stipulates that banks may acquire corporate rights (shares, parts) in exchange for money or property with an aim to generate income / profit or the right to participate in managing the legal entity including direct investment. Bank investments are made with the written permission of the NBU if they include:

- The financial institution amounting with more than 1% of the share capital;
- A legal entity in the amount of 20% or more of the share capital and / or votes (excluding investments in financial institution amounting to less than 1% of the share capital).

This bank must be simultaneously met with the following special conditions [8]:

- Banking activity in a term not less than three years;
- The amount of regulatory capital must correspond to double of the minimum regulatory capital;
- Bank is not subject to enforcement (in part concerning limit, suspend or terminate certain types of transactions);
- Performance during the last six months according to economic regulations and requirements in order of required reserves formation;
- The existence of profits according to the balance of the bank during last six months.

However, provided that the regulatory capital fully meets the requirements for investments,
established by regulatory acts of the National Bank of Ukraine (Table. 1), the bank has the right to invest without written permission, in such case:
- Investment in a financial institution but not more than 1% of the share capital;
- The investment made to the authorized capital of the credit bureaus licensed by the National Commission for State Regulation of Financial Services Markets.

<table>
<thead>
<tr>
<th>Date of bank license issue</th>
<th>The minimum amount of regulatory capital (grivna, UAH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before July 11, 2014</td>
<td>500 million UAH</td>
</tr>
<tr>
<td>After July 11, 2014</td>
<td>120 million UAH – before July 10, 2017</td>
</tr>
<tr>
<td></td>
<td>150 million UAH – from July 11, 2017</td>
</tr>
<tr>
<td></td>
<td>200 million UAH – from July 11, 2018</td>
</tr>
<tr>
<td></td>
<td>250 million UAH – from July 11, 2019</td>
</tr>
<tr>
<td></td>
<td>300 million UAH - from July 11, 2020</td>
</tr>
<tr>
<td></td>
<td>350 million UAH - from July 11, 2021</td>
</tr>
<tr>
<td></td>
<td>400 million UAH - from July 11, 2022</td>
</tr>
<tr>
<td></td>
<td>450 million UAH - from July 11, 2023</td>
</tr>
<tr>
<td></td>
<td>500 million UAH - from July 11, 2024</td>
</tr>
</tbody>
</table>

* developed by author according to [8]

Maximum allowable level of funds that can be invested by bank is as we believe the reflection of marginal investment resources of the bank. The amount of marginal investment resources represents the information on bank funds that are invested and the value of the potential growth investment of a bank in different sectors of the economy for the future. When the total amount of investments achieves maximum value of the bank investment resources (H12) - 60%, it suggests limiting the amount of investment resources that are presented in bank investments, so further investment for bank is prohibited.

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**Figure 1.** Structure-logical scheme of banks’ investment resources (corporations that take deposits) as corporate investors on the financial markets *

* developed by author
If, however, the bank has a certain reserve in the prospects of investment, that is resulted in the difference between the normative value H12 (60%) and its de facto level (0% < H12 < 60%), it is the monetary expression of the obtained percentage value according to the bank share capital, and it will show the underutilization of investment resources within the established boundary.

Thus, the interest calculated on the basis of the value difference of unused investment resources will inform about potential investment opportunities of the bank. Thus, generally structured, logical scheme of banks investment resources (corporations that take deposits) as corporate investors on the financial markets can be represented in Fig. 1.

National Bank of Ukraine checks the banks for regulations compliance, so according to the National Bank control norms that are represented on the official website of the regulator there are defined the following standards [9] and the value of investment resources of banks as financial market corporate investors (Table. 2). The data in Table 2 shows that during the analyzed period, while banks are enforced to the norms and standards of investment, but investment activity is not observed (marginal investment resources according to the investment performance standards are extremely low with 9.05% in early 2008 to 2.97% in early 2015). Calculation of unused investment resources inform the substantial potential of banks’ investment opportunities as corporate investors on the financial markets can be implemented in the near future (Figure 3).

### Table 2

<table>
<thead>
<tr>
<th>Normative</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7 8 9 10 11 12</td>
</tr>
<tr>
<td>H11*</td>
<td>0.01 0.01 0.01 0.01 0.01 0.00 0.002</td>
</tr>
<tr>
<td>H12**</td>
<td>2.97 2.68 2.18 2.13 3.29 3.26 2.86</td>
</tr>
<tr>
<td>H12 - 60%***</td>
<td>57.03 57.32 57.82 57.87 56.71 56.74 57.14</td>
</tr>
<tr>
<td>H11*</td>
<td>0.04 0.03 0.03 0.03 0.02 0.01 0.01 0.01 0.01 0.01</td>
</tr>
<tr>
<td>H12**</td>
<td>3.15 3.04 3.07 3.41 3.38 3.43 3.44 3.36 3.37 3.29 3.20 3.17</td>
</tr>
<tr>
<td>H12 - 60%***</td>
<td>56.85 56.96 56.93 56.59 56.62 56.57 56.56 56.64 56.63 56.71 56.8 56.83</td>
</tr>
<tr>
<td>H11*</td>
<td>0.09 0.08 0.09 0.09 0.08 0.08 0.08 0.07 0.06 0.06 0.05 0.04 0.04</td>
</tr>
<tr>
<td>H12**</td>
<td>3.48 3.57 3.55 3.53 3.54 3.50 3.39 3.41 3.40 3.38 3.32 3.26</td>
</tr>
<tr>
<td>H12 - 60%***</td>
<td>56.52 56.43 56.45 56.47 56.46 56.5 56.61 56.59 56.6 56.62 56.68 56.74</td>
</tr>
<tr>
<td>H11*</td>
<td>0.06 0.07 0.07 0.06 0.09 0.09 0.10 0.10 0.12 0.10 0.10 0.09</td>
</tr>
<tr>
<td>H12**</td>
<td>3.24 3.31 3.33 3.24 3.09 3.08 3.11 3.10 3.13 3.27 3.32 3.35</td>
</tr>
<tr>
<td>H12 - 60%***</td>
<td>56.76 56.69 56.67 56.76 56.59 56.92 56.89 56.94 56.87 56.73 56.68 56.65</td>
</tr>
<tr>
<td>H11*</td>
<td>0.05 0.05 0.05 0.05 0.06 0.06 0.06 0.07 0.07 0.07 0.07 0.06 0.06</td>
</tr>
<tr>
<td>H12**</td>
<td>3.35 3.36 3.45 3.60 3.56 3.46 3.42 3.39 3.38 3.27 3.32 3.29</td>
</tr>
<tr>
<td>H12 - 60%***</td>
<td>56.65 56.64 55.55 56.4 56.44 56.54 56.58 56.61 56.62 56.73 56.68 56.71</td>
</tr>
<tr>
<td>H11*</td>
<td>0.07 0.06 0.06 0.06 0.06 0.06 0.06 0.06 0.06 0.06 0.06 0.05</td>
</tr>
<tr>
<td>H12**</td>
<td>3.12 3.39 3.21 3.05 3.08 3.05 3.30 3.40 3.39 3.54 3.50 3.41</td>
</tr>
<tr>
<td>H12 - 60%***</td>
<td>56.88 56.61 56.79 56.95 56.92 56.95 56.7 56.6 56.61 56.46 56.5 56.59</td>
</tr>
<tr>
<td>H11*</td>
<td>0.22 0.17 0.12 0.08 0.10 0.07 0.07 0.07 0.07 0.06 0.06 0.07</td>
</tr>
<tr>
<td>H12**</td>
<td>5.52 4.89 4.64 3.46 3.32 3.30 3.45 3.41 3.43 3.38 3.36 3.17</td>
</tr>
<tr>
<td>H12 - 60%***</td>
<td>54.48 55.11 55.36 56.54 56.68 56.7 56.55 56.59 56.57 56.62 56.64 56.83</td>
</tr>
</tbody>
</table>

* The ratio of individual securities investment for every institution (no more than 15%).
** Ratio of total investment (up 60%), which is the actual value of the investment resources use of the bank.
*** The potential to make further investments through the possible further use of investment resources.
Figure 3. Comparative dynamics of actual values of the regulation compliance of normative and unused investment resources of Ukrainian banks at the beginning 2008-2015 *

* developed by author

Of course, the current state of the banking system, especially the withdrawal of Ukrainian Banks of the Autonomous Republic of Crimea, a significant decrease in the customer base (especially in the Donetsk and Lugansk regions) and significant outflow of deposits negatively affect its liquidity and solvency, and thus influence the need investment resources use by banks’ (as corporate investors). Ukraine’s way out from financial crisis provides the opportunity to develop the banking system and expand its corporate investment capacity in the development of the national economy.

3. Conclusions

In this paper the authors represent their view on the features of banks investment resources formation based on the specification of their basis creation or their financial resources. That financial resources that are received by the bank in a variety of revenues and earnings during the bank operations are transformed from category to category, from group to group and leave bank already in some other form. Also banks’ financial resources have specific features, which are determined by the characteristics and location of banks in the system of market relations: in providing banking services and profit-dominated movement of financial resources, usually in the form of attracted client funds; bank is a processing center operator and intermediary in financial transactions with other economic agents, leading to a multi-bank participation in the work of a significant number of different industries and forms of ownership; banks are mainly engaged in financial resources, while the company is working on its own funds, addressing the need for loan to the banks establishment.

It is defined that among banks’ tangible and intangible resources there can be not only these resources (assets) distinguished, that already give investment income, but also such that potentially, in the future, can be transformed into investment. Such bank resources together with other transformed resources (financial investments) summarize the value of banks investment resources (corporations that take deposits) as corporate investors. Among the investment resources of banks there can be singled out not only those that have brought investment income, but those that potentially, in the future, can be transformed into investment. The total value of bank investment resources as a corporate investor in the financial market reflects the bank’s potential investment use without risk associated with this activity. Maximum allowable legal value of funds that can be invested by bank is as we believe the marginal investment resources of the bank. It is proved that boundary investment resources represent information on bank funds that are invested and the value of the potential investment growth of a bank in different sectors of the economy for the future.
References


Information about author

Raisa Kvasnitska, Ph.D (Economics), Professor, Department of Finance and Banking, Khmelnitsky National University, 11 Instytutska Str., 29016, Khmelnitskiy, Ukraine; e-mail for correspondence: kvasnitska@mail.ru