The goal of this thesis is to introduce basic concepts of the extreme value theory. The first chapter describes two fundamentally different approaches – block maxima and peaks over threshold models. Furthermore, it presents generalized extreme value distribution and generalized Pareto distribution. Moreover, relevant theorems and characteristics that are tied to these probabilistic distributions are discussed. The second chapter is a survey of various methods of parameter estimation of discussed distributions. The last chapter shows a simple application of how extreme value theory can be applied in finance on selected shares listed on the Prague Stock Exchange.