Abstract

The bachelor thesis is focused on the risk management in a bank, notably, on the interest rate risk measurement and management. For banks it is important to know the level of risk exposure and according to that to select appropriate management strategy that will minimize adverse fluctuations in bank’s profitability. The thesis summarizes the basic models used for measurement, whereas we find out that none of them is perfect and their functionality is conditional upon various assumptions. Furthermore, it deals with analyzing selected basic instruments used for interest rate risk management, which implies that the management process is complex. The usage of various instruments may expose the bank to additional risks. Therefore, it is not possible under the effort to successful management to focus exclusively on the interest rate risk, however, it is necessary to analyze the other risks at the same time. The case study is aimed at the estimation of interest rate risk exposure on the basis of provided GAP analysis. There are three calculation methods presented, although the third one was not possible to apply due to lack of data. Regarding that the obtained results contain just estimates, the final calculations might be affected.