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Risk is a situation which can lead to increase or decrease of the activities in such way to give the result which is inconsistent with our expectations. The risk can mean the possibility of loss or gain. The risk can also be directed to someone other and the undesired development can bring him a loss. If it is not possible to remove the risk, only to move the risk to another place.

The risk can be measured by two criteria: the size of possible damage and the probability of possible undesired effect in future.

There are two main ways of measuring risk connected with vagueness, uncertainty. At least two variants must be taken into account from the point of view. One of these two variants must be indefinable or to be measured by subjective evaluation of the other. The measure risks that he chooses between two shares in his portfolio will be greater than the other one. If the future development is clear, there is no risk. If the future development becomes more uncertain, the term risk changes to the fact that the chosen variant will bring the loss.

The risk can be measured by subjective evaluation. This risk is connected with any human activity and it goes along with the subjective evaluation of the risk. The risk has also the subjective dimension because it is evaluated by people. It is difficult to evaluate the future development either by objective or subjective evaluation. There are people who are afraid of risk and they are pessimistic about the future development. For example some people do not want to drive their vehicles because they are afraid of accidents or they are afraid of death caused by traffic accident. They prove that they are afraid of risk and they evaluate their subjective evaluation in the objective evaluation of the risk. The subjective evaluation is related to the data, it means that the possible variant of future development is evaluated by the person that the probability of his choice is accidental. Other group of people is more optimistic and therefore they choose the variant that is more risky than the others.

The second way of measuring risk is to move it to another object. The system of insurance is based on the insurance companies which cover the risk of their insured clients. Also the insurance companies try to evaluate the risk of their clients from economy and its probability.

The third way of measuring risk is to make it more complicated manner. It results from the base of risk because the risk can be divided according to the direction of searching for the solution and on the aim which we want to achieve. Let us mention only financial risk management division.

The financial risk management division

1) credit risk - the risk caused by failure of debtors against creditor