

# PRMIA APRM

**PRMIA ASSOCIATE PROFESSIONAL RISK MANAGER CERTIFICATION  
QUESTIONS & ANSWERS**

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Exam Summary – Syllabus – Questions

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## **APRM**

**[PRMIA Associate Professional Risk Manager \(APRM\)](#)**

**90 Questions Exam – 60% Cut Score – Duration of 180 minutes**

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## Table of Contents

Know Your APRM Certification Well:.....	3
PRMIA APRM Associate Professional Risk Manager Certification Details: .....	3
APRM Syllabus: .....	4
PRMIA APRM Sample Questions: .....	6
Study Guide to Crack PRMIA Associate Professional Risk Manager APRM Exam:.....	8

## Know Your APRM Certification Well:

The APRM is best suitable for candidates who want to gain knowledge in the PRMIA Risk Management. Before you start your APRM preparation you may struggle to get all the crucial Associate Professional Risk Manager materials like APRM syllabus, sample questions, study guide.

But don't worry the APRM PDF is here to help you prepare in a stress-free manner.

The PDF is a combination of all your queries like-

- What is in the APRM syllabus?
- How many questions are there in the APRM exam?
- Which Practice test would help me to pass the APRM exam at the first attempt?

Passing the APRM exam makes you PRMIA Associate Professional Risk Manager (APRM). Having the Associate Professional Risk Manager certification opens multiple opportunities for you. You can grab a new job, get a higher salary or simply get recognition within your current organization.

## PRMIA APRM Associate Professional Risk Manager Certification Details:

Exam Name	PRMIA Associate Professional Risk Manager
Exam Code	APRM
Exam Fee	Sustaining Member Price - \$658 Contributing Member Price - \$679 Non-member Price - \$757
Exam Duration	180 Minutes
Number of Questions	90
Passing Score	60%
Format	Multiple Choice Questions
Books / Trainings	<a href="#">Resources</a>
Schedule Exam	<a href="#">Pearson VUE</a>
Sample Questions	<a href="#">PRMIA Associate PRM Exam Sample Questions and Answers</a>
Practice Exam	<a href="#">PRMIA Associate Professional Risk Manager (APRM) Practice Test</a>

## APRM Syllabus:

Topic	Details
Risk Management, Corporate Risk Management, and Risk & Return Theory	<ul style="list-style-type: none"> <li>- Define financial risk and risk types</li> <li>- Define the risk management process</li> <li>- Define the role of the risk manager</li> <li>- Identify the balance between risk and reward</li> <li>- Implement a financial risk management program</li> <li>- Define hedge accounting and diversification</li> <li>- Define the efficient portfolio and other methods</li> <li>- Identify basic concepts of a call option's value</li> <li>- Define the concept of risk-adjusted returns</li> </ul>
Risk Governance and Financial Regulation	<ul style="list-style-type: none"> <li>- Describe the Basel Accords</li> <li>- Contrast Economic Capital with Regulatory Capital, including Tier 1 vs Tier 2 capital</li> <li>- Discuss Pillar 1, Pillar 2 and Pillar 3 Requirements</li> <li>- Describe the concept and importance of corporate governance</li> <li>- Define the role of the Board, the relevant committees, and the CRO</li> <li>- Describe risk policies, risk methodologies, risk infrastructure, and escalation</li> <li>- Introduce Climate Risk Disclosure Mandates</li> </ul>
Fintech and Its Impact on Financial Intermediation and Risk Management	<ul style="list-style-type: none"> <li>- Define Fintech</li> <li>- Discuss array of services provided by Fintech</li> <li>- Describe Merton approach to evaluate core functions performed by financial systems</li> <li>- Discuss potential impact on consumer and banking sector of the risks and opportunities that have emerged from Fintech</li> <li>- Describe the potential regulatory risks of Fintech</li> </ul>
Introduction to Financial Markets	<ul style="list-style-type: none"> <li>- Define the overall characteristics of global markets and their common structures</li> <li>- Define the characteristics and types of instruments of each of the following:               <ul style="list-style-type: none"> <li>• The Structure of Financial Markets</li> <li>• Money Markets (MM)</li> <li>• Bond Markets (BM)</li> <li>• Stock Markets (SM)</li> <li>• Foreign Exchange Markets (FX)</li> <li>• Futures Markets (FM)</li> <li>• Over-the-Counter Markets (OTCM)</li> <li>• Commodities Markets (CM)</li> </ul> </li> </ul>

Topic	Details
	<ul style="list-style-type: none"> <li>• Energy Markets (EM)</li> <li>• Crypto Assets</li> </ul>
<p>Market Risk, Asset-Liability Management, Stress Testing, and Scenario Analysis</p>	<ul style="list-style-type: none"> <li>- Define what is interest rate risk and what drives it</li> <li>- Describe how changes in interest rates affect prices of fixed income securities</li> <li>- Define yield curves and forward curves and how these functions respond to market events</li> <li>- Define the concepts of DV01, duration and convexity applied to fixed income instruments and portfolios</li> <li>- Define how forwards, futures swaps and options work and how they are used to manage market risk</li> <li>- Describe limitations of market risk measures</li> <li>- Describe strengths and weaknesses of Value at Risk</li> <li>- Define the purpose of Asset/Liability Management</li> <li>- Define Interest rate gap analysis and Earning at Risk</li> <li>- Define measures of funding liquidity risk</li> <li>- Describe “What is funds transfer pricing?”</li> <li>- Describe strengths and weaknesses of stress testing and scenario analysis</li> </ul>
<p>Credit Scoring, Retail Credit Risk Management, Commercial Credit Risk Management, Risk Management Practices</p>	<ul style="list-style-type: none"> <li>- Define the role(s) of a credit officer</li> <li>- Define the principal concerns of retail credit risk and the concept of credit scores</li> <li>- Describe how to determine retail loan delinquency, default and loss rates</li> <li>- Define the role of Rating Agencies, rating transitions and default probabilities</li> <li>- Describe commercial loan risk assessment and internal ratings</li> <li>- Describe counterparty credit risk management using potential future exposure and netting</li> <li>- Compare and contrast Commercial Credit VaR, strengths and weaknesses of principal credit models</li> <li>- Define the processes of securitization, risk transfer and risk-based pricing</li> <li>- Describe the basic types of credit derivatives and structured finance</li> </ul>
<p>Operational Risk</p>	<ul style="list-style-type: none"> <li>- Define what is an operational loss</li> <li>- Describe how operational events link to other risk types</li> </ul>

Topic	Details
	<ul style="list-style-type: none"> <li>- Compare and contrast key risk indicators and key risk drivers</li> <li>- Describe basic operational risk frameworks</li> <li>- Define and describe simple scenario-based processes</li> <li>- Compare and contrast assessing the risks of new processes, products, or change management initiatives.</li> <li>- Discuss why model risk is important and widespread</li> <li>- Define risk mitigation and the role of insurance</li> </ul>
Risk Capital Attribution and Risk Adjusted Performance Measurement	<ul style="list-style-type: none"> <li>- Describe risk capital</li> <li>- Discuss risk capital uses and comparison with regulatory capital</li> <li>- Describe RAROC</li> <li>- Discuss its use in business decision making</li> </ul>
Case Studies and PRMIA Standards	<ul style="list-style-type: none"> <li>- Understand the core principles of PRMIA's standards, bylaws and principles.</li> <li>- Understand the specific lessons learned from the case studies listed above.</li> </ul>

## PRMIA APRM Sample Questions:

### Question: 1

A bank begins preparing for climate risk disclosure mandates. Which disclosure theme is most consistent with common climate disclosure frameworks?

- a) Only daily trading profits from carbon credit desks
- b) Only details of employee travel emissions, with no financial risk context
- c) Governance and oversight of climate-related risks, plus risk management and relevant metrics
- d) Only a statement that “the bank supports sustainability” with no risk details

**Answer: c**

### Question: 2

Which statement best describes the primary economic role of financial markets?

- a) To eliminate uncertainty by guaranteeing stable asset prices
- b) To facilitate capital allocation and risk transfer between participants
- c) To replace all financial intermediaries with government agencies
- d) To ensure all investors earn the same return

**Answer: b**

**Question: 3**

A commercial borrower's revenue depends heavily on a single customer. What risk driver is most directly highlighted?

- a) Basis risk in the borrower's hedges
- b) Dividend risk in the borrower's equity holdings
- c) Repo rollover risk in the interbank market
- d) Concentration risk in the borrower's cash flows

**Answer: d**

**Question: 4**

Which scenario most clearly illustrates internal fraud as an operational loss category?

- a) A trader hides unauthorized positions and falsifies records to avoid detection
- b) A currency forward moves against the hedger due to FX volatility
- c) Bond prices fall after a rate hike
- d) A borrower misses a loan payment due to job loss

**Answer: a**

**Question: 5**

Which use of risk-adjusted performance measures is most appropriate?

- a) Ignoring tail risk because average returns are what matter
- b) Replacing risk governance and controls because performance metrics are sufficient
- c) Eliminating diversification effects by allocating the same capital to all units
- d) Comparing business lines with different risk profiles on a consistent basis

**Answer: d**

**Question: 6**

Which instrument most directly provides a firm with protection against rising interest rates on a future borrowing?

- a) Short position in a currency option unrelated to the loan currency
- b) Pay-fixed / receive-floating interest rate swap (or a rate cap)
- c) Receive-fixed / pay-floating interest rate swap
- d) Long position in a dividend futures contract

**Answer: b**

**Question: 7**

If a firm's hurdle rate for RAROC is 12%, which proposal is most attractive from a risk-adjusted perspective?

- a) RAROC 14% with moderate capital consumption
- b) RAROC 12% only if gross revenue is high
- c) RAROC 8% because growth is always prioritized
- d) RAROC 10% with very low capital consumption

**Answer: a**

**Question: 8**

Which statement best captures the purpose of hedge accounting (high level)?

- a) To eliminate all market risk from the firm's balance sheet permanently
- b) To ensure hedges are always cheaper than self-insurance
- c) To better align the timing of hedge gains/losses with the hedged item's accounting impact
- d) To guarantee that all hedges generate positive cash flow

**Answer: c**

**Question: 9**

Two portfolios have the same expected return. Portfolio X has lower volatility than Portfolio Y. Which is most accurate?

- a) Portfolio X is preferred because it dominates on risk for the same return
- b) Neither can be preferred without knowing the inflation rate
- c) Portfolio Y is preferred because volatility measures only upside variability
- d) Portfolio Y is preferred because higher volatility always implies higher expected return

**Answer: a**

**Question: 10**

Which ALM measure most directly focuses on the change in the economic value of equity under rate shocks?

- a) Loan loss provision
- b) Accounts receivable turnover
- c) Economic Value of Equity (EVE) sensitivity
- d) Sharpe ratio

**Answer: c**

## Study Guide to Crack PRMIA Associate Professional Risk Manager APRM Exam:

- Getting details of the APRM syllabus, is the first step of a study plan. This pdf is going to be of ultimate help. Completion of the syllabus is must to pass the APRM exam.
- Making a schedule is vital. A structured method of preparation leads to success. A candidate must plan his schedule and follow it rigorously to attain success.

- Joining the PRMIA provided training for APRM exam could be of much help. If there is specific training for the exam, you can discover it from the link above.
- Read from the APRM sample questions to gain your idea about the actual exam questions. In this PDF useful sample questions are provided to make your exam preparation easy.
- Practicing on APRM practice tests is must. Continuous practice will make you an expert in all syllabus areas.

### **Reliable Online Practice Test for APRM Certification**

Make ProcessExam.com your best friend during your PRMIA Associate Professional Risk Manager exam preparation. We provide authentic practice tests for the APRM exam. Experts design these online practice tests, so we can offer you an exclusive experience of taking the actual APRM exam. We guarantee you 100% success in your first exam attempt if you continue practicing regularly. Don't bother if you don't get 100% marks in initial practice exam attempts. Just utilize the result section to know your strengths and weaknesses and prepare according to that until you get 100% with our practice tests. Our evaluation makes you confident, and you can score high in the APRM exam.

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