

PRMIA CCRM

**PRMIA CREDIT AND COUNTERPARTY RISK MANAGEMENT
CERTIFICATION QUESTIONS & ANSWERS**

Exam Summary – Syllabus – Questions

CCRM

[PRMIA Credit and Counterparty Risk Management \(CCRM\)](#)

60 Questions Exam – 60% Cut Score – Duration of 120 minutes

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Know Your CCRM Certification Well:

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

But don't worry the CCRM 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 CCRM syllabus?
- How many questions are there in the CCRM exam?
- Which Practice test would help me to pass the CCRM exam at the first attempt?

Passing the CCRM exam makes you PRMIA Credit and Counterparty Risk Management (CCRM). Having the Credit and Counterparty Risk Management 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 CCRM Credit and Counterparty Risk Management Certification Details:

Exam Name	PRMIA Credit and Counterparty Risk Management
Exam Code	CCRM
Exam Fee	Sustaining Member Price - \$549 Contributing Member Price - \$572 Non-member Price - \$599
Exam Duration	120 Minutes
Number of Questions	60
Passing Score	60
Format	Multiple Choice Questions
Schedule Exam	Pearson VUE
Sample Questions	PRMIA Credit and Counterparty Risk Management Exam Sample Questions and Answers
Practice Exam	PRMIA Credit and Counterparty Risk Management (CCRM) Practice Test

CCRM Syllabus:

Topic	Details
Classic credit products, life cycle, and credit risk methodology	<ul style="list-style-type: none"> - Describe the entire credit life cycle from origination to repayment - Understand the different types of credit instruments, their building blocks and who uses them - Understand the Classic Credit Risk Methodology and how it can be used for Credit Analysis
Credit derivatives and securitization	<ul style="list-style-type: none"> - Understand Securitization including the related processes for their creation - Describe different Credit Securitization instruments and their use - Understand the impact of the latest Basel Accords on Securitization
Credit risk modeling and portfolio management	<ul style="list-style-type: none"> - Understand Modern Credit Risk Modeling and Credit Portfolio Management - Describe elements of Modern Credit Risk Modeling such as Probability of Default (PD), Exposure at Default (EAD), Loss Given Default (LGD), and Expected Loss (EL) - Describe Credit Value-at-Risk (VaR) Models and their use - Understand the impact of the Basel Accords on Modern Credit Risk Modeling - Describe Credit Portfolio Management and its related elements
Counterparty risk and risk mitigation	<ul style="list-style-type: none"> - Understand the basics of counterparty risk and describe risk appetite - Describe the tools and methodologies used to mitigate credit risk
Credit valuation adjustment (CVA)	<ul style="list-style-type: none"> - Describe XVA items including credit valuation adjustment (CVA), debit valuation adjustment (DVA), Funding Valuation Adjustment (FVA) - Define and describe non-traditional trading aspects of derivatives - Describe right- and wrong-way risk, and the role of the Central Clearing Counterparties (CCPs) - Describe the Standardized Approach for Counterparty Risk (SA-CCR)
Case Studies	

PRMIA CCRM Sample Questions:

Question: 1

"Specific Wrong-Way Risk" (SWWR) is most likely to occur in which of the following trades?

- a) A bank buying protection on an oil company using an oil price swap.
- b) A bank buying protection on Company X using Company X's own bonds.
- c) A bank selling protection on a gold mine using an interest rate swap.
- d) A bank trading a currency forward with a sovereign central bank.

Answer: b

Question: 2

A bank is calculating the Expected Loss (EL) for a corporate loan facility. The Exposure at Default (EAD) is \$2,000,000, the Probability of Default (PD) is 2%, and the Loss Given Default (LGD) is 40%. What is the Expected Loss for this facility?

- a) \$16,000
- b) \$40,000
- c) \$80,000
- d) \$160,000

Answer: a

Question: 3

Why did Basel III introduce stricter capital requirements for "Liquidity Facilities" provided to securitization programs?

- a) To encourage banks to lend more money to the retail sector.
- b) To address the risk that these facilities often act as credit support.
- c) To eliminate the need for banks to hold any Tier 1 capital.
- d) To reduce the operational costs of maintaining an SPV structure.

Answer: b

Question: 4

"Loss Given Default" (LGD) is most sensitive to which of the following factors in a secured lending transaction?

- a) The credit rating of the borrower's parent company.
- b) The total number of employees working for the borrower.
- c) The historical stock price volatility of the lending bank.
- d) The quality and liquidation value of the pledged collateral.

Answer: d

Question: 5

How does the use of "Wrong-Way Risk" (WWR) adjustments impact a bank's CVA?

- a) It decreases the CVA, making the derivative appear more valuable.
- b) It has no impact on the valuation because WWR is only qualitative.
- c) It increases the CVA, reflecting the higher risk of the correlation.
- d) It forces the bank to stop trading all types of credit derivatives.

Answer: c

Question: 6

What is "Excess Spread" in the context of a securitization transaction?

- a) The difference between the interest collected and interest paid.
- b) The commission paid to the lead underwriter of the deal.
- c) The amount of principal that is prepaid by the borrowers.
- d) The premium paid to purchase a monoline insurance policy.

Answer: a

Question: 7

In the formula $EL = PD \times LGD \times EAD$, if the EAD is \$10 million, PD is 5%, and LGD is 20%, what is the Expected Loss?

- a) \$10,000
- b) \$50,000
- c) \$100,000
- d) \$200,000

Answer: c

Question: 8

"Debit Valuation Adjustment" (DVA) is generally not included in:

- a) The calculation of common equity Tier 1 (CET1) regulatory capital.
- b) The bank's annual audited financial statements.
- c) The internal pricing models used by the front-office trading desk.
- d) The monthly risk reports sent to the Board of Directors.

Answer: a

Question: 9

"Time Tranching" in a Collateralized Mortgage Obligation (CMO) is primarily used to manage which type of risk?

- a) Default Risk
- b) Political Risk
- c) Currency Risk
- d) Prepayment Risk

Answer: d

Question: 10

When assessing "Credit Analysis" for a small business, why might a lender require a "Personal Guarantee"?

- a) To increase the total amount of interest income for the bank.
- b) To link the owner's personal assets to the business's debt.
- c) To satisfy a requirement from the local municipal government.
- d) To avoid having to perform any analysis on the business itself.

Answer: b

Study Guide to Crack PRMIA Credit and Counterparty Risk Management CCRM Exam:

- Getting details of the CCRM 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 CCRM 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 CCRM 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 CCRM 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 CCRM practice tests is must. Continuous practice will make you an expert in all syllabus areas.

Reliable Online Practice Test for CCRM Certification

Make ProcessExam.com your best friend during your PRMIA Credit and Counterparty Risk Management exam preparation. We provide authentic practice tests for the CCRM exam. Experts design these online practice tests, so we can offer you an exclusive experience of taking the actual CCRM 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 CCRM exam.

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