



• ASSOCIATE PRM  
CANDIDATE GUIDEBOOK

THE CORE CONCEPTS OF RISK MANAGEMENT

[www.PRMIA.org](http://www.PRMIA.org)



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### EXECUTIVE SUMMARY

Designed by industry leaders, the Associate PRM is intended for staff entering the risk management profession, or those who interface with risk management disciplines on a regular basis and who want to understand fundamental risk management methods and practices. It is mathematically and theoretically less detailed than PRMIA's Professional Risk Manager (PRM™) designation, and will cover the core concepts of risk management.

The Associate PRM exam consists of 90 questions. The syllabus is based on the publicly available book, the *Essentials of Risk Management*, together with extensive information freely available on the PRMIA website.

Registration for the exam is via the PRMIA website and taking the exam is designed to suit the needs of the busy risk professional.

Passing the Associate PRM carries an automatic credit to Exam IV of the PRM Exam.

Be sure to read this entire document to view important information that will help you to be a successful candidate.

We hope that you will join us in promoting the PRM program as the standard for our industry and that you will join in our efforts to ensure that it will continue to meet the needs of our members and our industry.

# PROGRAM DESIGN

## DESIGN RATIONALE

The Associate PRM is intended for staff entering the risk management profession, or those who interface with risk management disciplines on a regular basis, such as auditing, accounting, legal, and systems development personnel who want to understand fundamental risk management methods and practices. Designed to be highly practical, it is mathematically and theoretically less detailed than PRMIA's Professional Risk Manager (PRM™) designation, the new program will cover the core concepts of risk management, allowing non-specialists to interpret risk management information and reports, make critical assessments, and evaluate the implications and the limitations of such results.

Risk is an integral component of every forward looking transaction. Now more than ever before, it is essential to understand the multiple dimensions of risk as well as how to best manage risk to gain a competitive advantage.

The knowledge demonstrated by passing the Associate PRM provides a practical, non-ivory tower approach that is necessary to effectively implement a superior risk management program. Successful candidates will be able to:

- Understand corporate governance, compliance and risk management
- Be able to implement integrated risk management
- Know how to measure, manage and hedge market, credit (retail and corporate) and operational risk
- Define the roles of board members and senior management in managing risk

Passing the Associate PRM will demonstrate the essential knowledge necessary to understand and manage risks in any corporate or economic environment.

## KEY LEARNING OBJECTIVES

The key learning objectives of the Associate PRM are to:

- Gain a familiarity with the concept of risk management and its place in the business, organization or system
- Gain an overall understanding of the concepts of risk management techniques in a non-quantitative framework
- Understand how 'governance' fits into the concept of risk management
- Understand the concepts of risk and return
- Gain a familiarity with the structure and workings of various financial markets
- Gain a familiarity with the financial instruments used in risk management
- Understand the concepts of interest rate risk and hedging
- Understand the concepts of asset-liability management
- Understand the concepts of market risk management
- Understand the concepts of retail and commercial credit risk management
- Understand the concepts of operational risk management
- Understand how performance can be measured
- Understand the concept of enterprise risk management
- Understand industry standards and best practices of financial risk management
- Understand the positive role that risk management can play



## READING MATERIAL

Selected chapters from *The Essentials of Risk Management* by Michel Crouhy, Dan Galai and Bob Mark <http://prmia.org/index.php?page=exam@option=trainingEssRiskMgt> (McGraw-Hill, 2006, 0-07-142966-2). This can be purchased from Amazon, other websites, and from selected financial bookshops.

The following reading materials are all freely available from the PRMIA website at <http://prmia.org/index.php?page=exam@option=trainingWebResource>.

- Abridged excerpts from the *PRMIA Guide to Financial Markets* (McGraw-Hill, © 2008) available at as a separate document per chapter.
- *Risk Management Practices* – abridged from Chapters B.1 of the PRMIA Handbook (PRMIA Publications © 2004) Volume III, plus a paper, The Evolution of Counterparty Credit Risk Management – available as a single document.
- The PRMIA Standards
  - PRMIA Bylaws
  - PRMIA Standards of Best Practice, Conduct and Ethics
  - PRMIA Governance Principles
- Case Studies – these are available as 12 separate documents

## PROGRAM DATES AND LOCATIONS

For your convenience, the exam is offered on every business day of the week.

You may request to schedule your exams at any time. There is no advantage to taking your exams on any particular date. Questions within exams are drawn from a large database of questions and are administered randomly, creating thousands of unique exam forms, all of comparable difficulty.



PRMIA uses the services of VUE, part of the Pearson Publishing family, to administer the PRM exams. Pearson VUE is a professional testing firm that has over 5000 testing centers in more than 160 countries around the world.

Please note some important details about registration, cancellation, identification requirements and space availability in the Registration section found on pages 4 and 5.

## FEES AND REGISTRATION

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### FEES

Fees, relevant to your membership status, are given at <http://prmia.org/index.php?page=exam&option=trainingExamRegistrationAPRM>

Payment by credit card is required for online purchases. If you would like to make alternative arrangements, please contact [certification@prmia.org](mailto:certification@prmia.org).

Sustaining PRMIA members are given a 10% discount on the exam fee. You can become a Sustaining Member online at <http://prmia.org/index.php?page=membership>

If you are interested in adopting the Associate PRM as a corporate program, please contact [certification@prmia.org](mailto:certification@prmia.org). Special pricing on exam vouchers and preparatory materials may be available to your company.

### REGISTRATION

Registration for the Associate PRM is handled using our online form at <http://prmia.org/index.php?page=exam&option=trainingExamRegistrationAPRM1>.

When you register, a voucher number will be provided to you that you can use to schedule your exam at the center, date and time of your choice.

Once you have obtained your voucher please visit [www.pearsonvue.com/prmia](http://www.pearsonvue.com/prmia) and follow the instructions on how to create an account, select your testing center online or for phone numbers where you can be assisted by a representative of Pearson VUE.

Please be certain to have your PRMIA username available and to enter it correctly when registering with VUE. Your exam results will be provided to that username via the PRMIA website. It is your responsibility to ensure that your PRMIA username is entered correctly when registering with Pearson VUE. Failure to do so may result in a delay of exam results being reported to you or misreporting of exam results to another member.

Please note that you may only take the same exam once every ninety days. If you repeat the exam before ninety days have passed, your second score will not count and you will be charged the full fee for both exams.

Please note that all vouchers used to schedule exams have an expiration date. Should you attempt to schedule or reschedule to a date beyond the expiration date of your voucher, it will not be accepted by Pearson VUE. You may contact [certification@prmia.org](mailto:certification@prmia.org) for a new voucher number, which will be provided to you without charge, subject to the condition that the request is made within one year of the expiration date. After one year has passed since the expiration date of the voucher, no replacements will be made.



# TAKING THE ASSOCIATE PRM EXAM

## PERSONAL IDENTIFICATION

On the date of your appointment, arrive at the testing center at least 15 minutes before the scheduled start time. You must bring two forms of identification with you. The first must be a current government-issued ID with your photograph and signature.

Examples of Acceptable Forms of Government Issued ID	Examples of Acceptable Forms of Supplemental ID	Examples of <i>Unacceptable</i> Forms of ID
<ul style="list-style-type: none"><li>DRIVER'S LICENSE</li><li>NATIONAL IDENTITY CARD</li><li>MILITARY ID</li><li>PASSPORT</li></ul>	<ul style="list-style-type: none"><li>CREDIT CARD</li><li>EMPLOYEE ID CARD</li></ul>	<ul style="list-style-type: none"><li>LIBRARY CARD</li><li>SOCIAL SECURITY CARD</li></ul>

## EXAM FORMAT

The exams are computer-based. You will not receive any copies of the questions. No paper may be brought into the testing center, however, you will be provided with an erasable board upon request.

Once admitted to the testing room, there will be a tutorial that introduces the functionality of the exam and a brief message from PRMIA. After this has been viewed, you may begin your exam. You will be asked multiple-choice questions with four possible responses. There are no breaks allowed during the exam. The testing system allows you to mark and review questions as long as time is remaining.

Please note that you are unlikely to finish your exam with substantial extra time. You are encouraged to use the tutorial in an expedient manner, but sufficient time is allocated for you to complete the tutorial and the exam.

## CALCULATORS

No calculators are needed nor provided.

## ARRIVE ON TIME

It is very important that you leave enough time to arrive at the testing center early. Candidates that arrive late to the test center may not be permitted to test. The full charge for the exam will be made if you are not admitted for any reason. As these centers offer exams for other organizations as well, not everyone in the room will be taking the same exam, so no assumptions should be made about when other candidates enter or leave the testing center.

Each testing center has an administrator who can assist candidates with any questions that they may have. All exam rooms are videotaped and monitored via a parabolic mirror by a proctor.

## EXAM RESULTS

Your exam results should be available within 15 business days of your test date and will be delivered to you via the PRMIA website.

## CANCELLATIONS/CHANGES

In recognition of the busy and changing schedules of risk managers, you may change your exam appointment without charge through the Pearson VUE system at [www.pearsonvue.com/prmia](http://www.pearsonvue.com/prmia). Please note that all change requests must be made at least one business day before the testing date or the entire exam fee will be forfeited.

Because of the flexibility in rescheduling, exam fees are non-refundable.



[www.PRMIA.org](http://www.PRMIA.org)

# ASSOCIATE PRM SYLLABUS

## SECTION A

### Overview of Risk Management

Chapter 1 of *The Essentials of Risk Management*

### A Primer in Corporate Risk Management

Chapter 2 of *The Essentials of Risk Management*

### A Non-Quantitative Guide to the Theory of Risk and Return

Chapter 5 of *The Essentials of Risk Management*

#### 13% of the Associate PRM syllabus – 12 out of 90 exam questions

- Understand a common definition of financial risk
- Understand the general role that a risk manager plays in a company, financial or non-financial
- Understand some of the basic language used by financial risk managers, including risk types like Market Risk, Credit Risk, Operational Risk, Reputation Risk, Legal Risk, Business Risk, Liquidity Risk
- Understand that a balance between risk and reward is a choice that can be managed
- Understand some basic steps towards implementing a financial risk management program
- Understand the concept of hedge accounting
- Understand the use of hedging at Merck as an example
- Understand the concept of diversification
- Understand the concept of the efficient frontier
- Understand the basic concept of a call option's value
- Understand the concept of risk-adjusted returns

#### Reading Materials

- What is Risk? (*The Essentials of Risk Management*, pp. 1-11)
- Risk and Reward (*The Essentials of Risk Management*, pp. 11-14)
- Risk Categories (*The Essentials of Risk Management*, pp. 14-18)
- The Risk Manager's Job (*The Essentials of Risk Management*, pp. 18-23)
- Typologies of Risk Exposures (*The Essentials of Risk Management*, pp. 25-36)
- Should we Manage Risk? (*The Essentials of Risk Management*, pp. 37-42)
- Hedging Operations vs. Financial Risks (*The Essentials of Risk Management*, pp. 42-46)
- Risk Management into Practice (*The Essentials of Risk Management*, pp. 46-47)
- Mapping Risks (*The Essentials of Risk Management*, pp. 47-48)
- Instruments for Risk Management (*The Essentials of Risk Management*, pp. 48-51)
- Implementing a Risk Management Strategy (*The Essentials of Risk Management*, pp. 51-54)
- Performance Measurement (*The Essentials of Risk Management*, p. 54)
- Case Study: Merck and FX Exposure (*The Essentials of Risk Management*, p. 45)
- Portfolio Selection (*The Essentials of Risk Management*, pp. 109-112)
- CAPM (*The Essentials of Risk Management*, pp. 112-117)
- Valuing an Option (*The Essentials of Risk Management*, pp. 117-122)
- Modigliani Miller (*The Essentials of Risk Management*, p. 122)
- Summary (*The Essentials of Risk Management*, p. 123)

**NOTE:** Chapter 3, Banks and their Regulators, of *The Essentials of Risk Management* is not part of the Associate PRM Syllabus.

## **SECTION B**

### **The Role of Governance in Risk Management**

Chapter 4 of *The Essentials of Risk Management*

#### **PRMIA Standards**

**12% of the Associate PRM syllabus – 11 out of 90 exam questions**

- Understand the concept and importance of Governance
- Understand the role of the Board of Directors
- Understand a typical financial risk management structure
- Understand basic risk management policies
- Understand the importance and meaning of an Escalation Policy
- Understand the role that external parties play in governance (external audit, regulators, “the market”)
- Know the seven core PRMIA Governance Principles
- Understand how the PRMIA Governance Principles Apply to the Board
- Understand how the PRMIA Governance Principles Apply to the Finance and Accounting Function
- Understand how the PRMIA Governance Principles Apply to the Risk Management department
- Know the PRMIA Standards of Best Practice, Conduct and Ethics for Professional Risk Managers
- Understand the Positive Role that risk management plays in the business process
- Understand the basic operations of the PRMIA organization and practices

#### **Reading Materials**

- Recent History (*The Essentials of Risk Management*, pp. 83-87)
- Governance and Risk Management (*The Essentials of Risk Management*, pp. 87-88)
- Risk Governance (*The Essentials of Risk Management*, pp. 88-90)
- Committees and Limits (*The Essentials of Risk Management*, pp. 90-91)
- The Audit Committee (*The Essentials of Risk Management*, pp. 91-93)
- Risk Management Committee (*The Essentials of Risk Management*, p. 94)
- Chief Risk Officer (*The Essentials of Risk Management*, pp. 94-98)
- Policies and Procedures (*The Essentials of Risk Management*, pp. 98-102)
- External Audit (*The Essentials of Risk Management*, pp. 103-106)
- Essential steps to Success (*The Essentials of Risk Management*, pp. 106-108)
- The PRMIA Standards of Best Practice, Conduct and Ethics
- The PRMIA Governance Principles
- The PRMIA Bylaws

## SECTION C

### An Introduction to Financial Markets

Abridged excerpts from the *PRMIA Guide to Financial Markets*

#### 13% of the Associate PRM syllabus – 12 out of 90 exam questions

- Understand the types of instruments in the Money Markets
- Understand the basic characteristics of Bond Markets
- Understand the basic characteristics of Stock Markets
- Understand the basic characteristics of Foreign Exchange Markets
- Understand the basic characteristics of Futures Markets
- Understand the basic characteristics of OTC Markets
- Understand the basic characteristics of Commodities Markets
- Understand the basic characteristics of Energy Markets

#### Reading Materials

- The Structure of Financial Markets (Abridged excerpts from the *PRMIA Guide to Financial Markets*, Chapter 1)
- Money Markets (Abridged excerpts from the *PRMIA Guide to Financial Markets*, Chapter 2)
- Bond Markets (Abridged excerpts from the *PRMIA Guide to Financial Markets*, Chapter 3)
- Stock Markets (Abridged excerpts from the *PRMIA Guide to Financial Markets*, Chapter 4)
- Foreign Exchange Markets (Abridged excerpts from the *PRMIA Guide to Financial Markets*, Chapter 5)
- Futures Markets (Abridged excerpts from the *PRMIA Guide to Financial Markets*, Chapter 6)
- Over-the-counter Markets (Abridged excerpts from the *PRMIA Guide to Financial Markets*, Chapter 1)
- Commodities Markets (Abridged excerpts from the *PRMIA Guide to Financial Markets*, Chapter 7)
- Energy Markets (Abridged excerpts from the *PRMIA Guide to Financial Markets*, Chapter 8)

## SECTION D

### Interest Rate Risk and Hedging

Chapter 6 in *The Essentials of Risk Management*

#### 9% of the Associate PRM syllabus – 8 out of 90 exam questions

- Understand the definition of interest rate risk
- Understand how changes in yields affect bond prices
- Understand how changes in the shape of the yield curve affect bond prices
- Understand the concepts of duration and convexity
- Understand the calculation of risk in a single security versus a portfolio of securities
- Understand the basic principles of a swap
- Understand the basic principles of Puts and Calls
- Understand the basic concept of Caps and Floors
- Understand the basic concepts of Swaptions, Exotics and Financial Engineering

#### Reading Materials

- What is Interest Rate Risk? (*The Essentials of Risk Management*, p. 125)
- Bond Prices and Yields and the Yield Curve (*The Essentials of Risk Management*, pp. 126-133 excluding Box 6-1)
- Duration and Sensitivities (*The Essentials of Risk Management*, pp. 133-137 excluding Box 6-2)
- Handling Portfolios (*The Essentials of Risk Management*, pp. 137-139)
- Forward and Futures Contracts (*The Essentials of Risk Management*, pp. 139-140)
- Swaps (*The Essentials of Risk Management*, pp. 141-142)
- Puts and Calls (*The Essentials of Risk Management*, pp. 142-144)
- Caps and Floors (*The Essentials of Risk Management*, pp. 144-145)
- Swaptions, Exotic Options and Financial Engineering (*The Essentials of Risk Management*, pp. 145-147)



## SECTION E

### Market Risk Management

Chapter 7 in *The Essentials of Risk Management*

### Asset-Liability Management

Chapter 8 in *The Essentials of Risk Management*

#### 13% of the Associate PRM syllabus – 12 out of 90 exam questions

- Understand the concept of notional amounts of exposure
- Identify and define “The Greeks” as measures of market risk
- Understand the basic concepts behind Value at Risk
- Understand the use of Value at Risk in setting Risk Limits
- Understand different approaches to determining Value at Risk measures
- Understand situations in which these approaches work or don’t work
- Understand the concepts of Stress Testing and Extreme Events
- Understand the process of Scenario Planning
- Understand the definition and implications of Liquidity Risk
- Understand the role of the ALCO
- Understand the concept of funding gaps
- Understand the concept and implications of duration gaps
- Understand some measures of liquidity risk
- Understand the concept of funds transfer pricing

#### Reading Materials

- Notional Exposure (*The Essentials of Risk Management*, pp. 149-151)
- The “Greeks” (*The Essentials of Risk Management*, pp. 152-154)
- Basic Value at Risk (*The Essentials of Risk Management*, pp. 154-157)
- VaR and Risk Limits (*The Essentials of Risk Management*, pp. 157-161)
- Approaches to VaR (Historical, Analytic, Monte Carlo) (*The Essentials of Risk Management*, pp. 161-173)
- Stress Testing and Scenarios (*The Essentials of Risk Management*, pp. 173-179)
- Interest Rate Risk and Liquidity Risk (*The Essentials of Risk Management*, pp. 181-185)
- ALCO (*The Essentials of Risk Management*, pp. 185-188)
- Gap Analysis (*The Essentials of Risk Management*, pp. 188-195)
- Earnings at Risk (*The Essentials of Risk Management*, pp. 195-199)
- Duration Gap (*The Essentials of Risk Management*, pp. 199-203)
- Liquidity Measures (*The Essentials of Risk Management*, pp. 203-205)
- Funds Transfer Pricing (*The Essentials of Risk Management*, pp. 205-206)

## SECTION F

### Retail Credit Risk Management

Chapter 9 in *The Essentials of Risk Management*

### Commercial Credit Risk Management

Chapter 10, 11 and part of Chapter 12 in *The Essentials of Risk Management*

### Risk Management Practices

#### 13% of the Associate PRM syllabus – 12 out of 90 exam questions

- Understand the role that a Credit Officer plays
- Understand the unique concerns of retail credit risk
- Understand the concept of Credit Scores
- Understand the concepts of Default, Default Rates and Loss Rates
- Understand the factors involved in determining the Value of a Customer
- Understand how securitization can transfer risk
- Understand the concept of pricing risk
- Understand the role that Rating Agencies play in measuring credit risk
- Understand the basic credit ratings from these agencies
- Understand the implied impact of migration in credit ratings
- Understand internal rating scores and methods
- Understand basic financial measures in a loan risk assessment
- Understand the concept of Loss Given Default
- Understand common types of Counterparty Credit Risk
- Understand the use and importance of Credit Models
- Understand the calculation of risk in a single credit versus a portfolio of credits
- Understand the concepts behind Credit VaR
- Understand the concepts behind CreditMetrics models
- Understand the concepts behind MKMV models
- Understand the concepts behind actuarial and reduced-form models
- Understand the basic types of credit derivatives

#### Reading Materials

- The Role of a Credit Officer (*Risk Management Practices*, pp. 2-5)
- Overview of Retail Credit Risk (*The Essentials of Risk Management*, pp. 207-213)
- Credit Scoring (*The Essentials of Risk Management*, pp. 213-218)
- Default Rates and Loss Rates (*The Essentials of Risk Management*, pp. 218-221)
- The Value of a Customer (*The Essentials of Risk Management*, pp. 221-224, excluding The New Regulatory Approach on page 224)
- Securitization and Risk Transfer (*The Essentials of Risk Management*, pp. 224-227)
- Risk Based Pricing (*The Essentials of Risk Management*, pp. 227-229)
- Introduction (*The Essentials of Risk Management*, pp. 231-233 excluding Box 10-2)
- Rating Agencies (*The Essentials of Risk Management*, pp. 235-238)
- Credit Ratings (*The Essentials of Risk Management* pp. 238-242)
- Debt Ratings and Migration (*The Essentials of Risk Management*, pp. 243-244)
- Internal Risk Ratings (*The Essentials of Risk Management*, pp. 244-247)
- Financial Assessments (*The Essentials of Risk Management*, pp. 247-256)

CONTINUED ON NEXT PAGE

- Loss Given Default (*The Essentials of Risk Management*, pp. 253-254)
- Counterparty Credit Risk (“Risk Management Practices,” pp. 13-20)
- Credit Modeling (*The Essentials of Risk Management*, pp. 257-260)
- Portfolio Credit Risk (*The Essentials of Risk Management*, pp. 260-264)
- Popular Credit Models (*The Essentials of Risk Management*, pp. 265-289)
- Credit Derivatives (*The Essentials of Risk Management*, pp. 303-324 excluding Box 12-3)

## SECTION G – Operational Risk Management

Chapter 13 in *The Essentials of Risk Management*

### Performance Measures

Chapter 15 in *The Essentials of Risk Management*

#### 12% of the Associate PRM syllabus – 11 out of 90 exam questions

- Understand what constitutes an operational loss and how might we quantify it
- Understand how operational events are linked to other risk types, such as market, credit, liquidity or reputation risk
- Understand the concept of a key risk indicator
- Understand the concept of a key risk driver
- Understand how to differentiate a key risk indicator from a key risk driver
- Understand a basic Operational Risk Framework
- Understand an approach to implementation of an Operational Risk framework
- Understand how to implement a simple scenario-based process for assessing and quantifying operational risks
- Understand how to assess risks relating to new business processes, products or change management initiatives
- Understand the concept of mitigation and examples of mitigation techniques
- Understand the role of insurance in Operational Risk transfer
- Understand the concept and definition of risk capital
- Understand core uses of risk capital
- Be able to compare and contrast risk capital and regulatory capital
- Understand the definition of RAROC
- Understand some uses of RAROC in business decision making

#### Reading Materials

- Operational Risk (*The Essentials of Risk Management*, pp. 325-340 excluding Box 13-2)
- Risk Drivers (*The Essentials of Risk Management*, pp. 341)
- Mitigation (*The Essentials of Risk Management*, pp. 342-343)
- Insurance (*The Essentials of Risk Management*, pp. 343-344)
- Conclusion (*The Essentials of Risk Management*, pp. 344-345)
- What is Risk Capital? (*The Essentials of Risk Management*, pp. 363-367)
- RAROC (*The Essentials of Risk Management*, pp. 367-385, excluding Boxes 15-4 & 15-5)

**NOTE:** Chapter 14, Model Risk, of *The Essentials of Risk Management* is not part of the Associate PRM Syllabus.

**NOTE:** The Epilogue, Trends in Risk Management, of *The Essentials of Risk Management* is not part of the Associate PRM Syllabus.

## SECTION H — Case Studies

**13% of the Associate PRM syllabus – 12 out of 90 exam questions**

- Understand the lessons of the Metallgesellschaft Case Study  
(*The Essentials of Risk Management*, Chapter 2)
- Understand the governance lessons from Orange County  
(*The Essentials of Risk Management*, Chapter 4)
- Understand the governance lessons from Riggs Bank  
(*The Essentials of Risk Management*, Chapter 4)
- Understand the core principles behind the Group of Thirty Report – Recommendations on Derivatives Use (*The Essentials of Risk Management*, Chapter 6)
- Understand the Market Risk lessons from the LTCM Case Study  
(*The Essentials of Risk Management*, Chapter 7)
- Understand the ALM lessons from the Continental / Penn Square Case Study  
(*The Essentials of Risk Management*, Chapter 8)
- Understand the retail credit risk lessons from Bankgesellschaft Berlin  
(*The Essentials of Risk Management*, Chapter 9)
- Understand the lessons in Credit Risk from the Credit Lyonnais Case Study  
(*The Essentials of Risk Management*, Chapter 10)
- Understand the Operational Risk lessons from the NAB F/X Options Case Study  
(*The Essentials of Risk Management*, Chapter 13)
- Understand the Operational Risk lessons from the Barings Case Study  
(*The Essentials of Risk Management*, Chapter 13)
- Understand the Governance lessons from the WorldCom Case Study (from PRMIA Standards)
- Understand the Governance lessons from the Banker's Trust Case Study (from PRMIA Standards)
- Understand the Governance lessons from the Daiwa Case Study (from PRMIA Standards)

**Reading Materials** (all free at the PRMIA website at  
<http://prmia.org/index.php?page=exam&option=trainingWebResource>

- Case Study: Metallgesellschaft
- Case Study: Orange County
- Case Study: Riggs Bank
- Group of Thirty Derivatives Best Practices Summary
- Case Study: LTCM Case Study
- Case Study: Continental / Penn Square
- Case Study: Bankgesellschaft Berlin
- Case Study: Credit Lyonnais
- Case Study: Barings Case Study: NAB F/X Options
- Case Study: WorldCom
- Case Study: Bankers' Trust
- Case Study: Daiwa

## SYLLABUS SUMMARY

SECTION	NUMBER OF QUESTIONS IN THE EXAM	PERCENTAGE OF THE EXAM
A (Chapters 1, 2 and 5 of <i>The Essentials of Risk Management</i> )	12	13%
B (Chapter 5 <i>The Essentials of Risk Management</i> plus PRMIA Standards)	11	12%
C (The abridged <i>Introduction to Financial Markets</i> )	12	13%
D (Chapter 6 <i>The Essentials of Risk Management</i> )	8	9%
E (Chapters 7 and 8 <i>The Essentials of Risk Management</i> )	12	13%
F (Chapters 9, 10, 11 and pt 12 <i>The Essentials of Risk Management</i> plus PRMIA HandBook Volume III extracts)	12	13%
G (Chapters 13 and 15 <i>The Essentials of Risk Management</i> plus PRMIA HandBook Volume III extracts)	11	12%
H (Case studies from the PRMIA web site)	12	13%
<b>TOTAL</b>	<b>90</b>	<b>100%</b>



## PREPARING FOR THE ASSOCIATE PRM EXAM

Practicing risk management employees are already preparing for the exams by going to work each day where they interact with other professionals and read industry magazines, software manuals, company policies and procedures, academic journals, websites and regulatory notices. They attend risk committee meetings, prepare risk reports, give presentations and write papers. They attend PRMIA chapter meetings, participate in on-line forums and attend risk management conferences. All of these activities prepare candidates for the Associate PRM exam.

### GUIDED STUDY

#### eAPRM DIAGNOSTIC EXAM

You may need to brush up on your risk management theory or on those areas you might not yet have worked on. An online eAPRM Diagnostic Exam can be used to assess your current skills as they relate to the Associate PRM Syllabus and/or as a practice exam prior to taking the Associate PRM Exam.. See

<http://prmia.org/index.php?page=exam&option=trainingOnlineDomesticExam>

#### ASSOCIATE PRM PUBLIC TRAINING COURSES

For a list of those offering public training courses in the Associate PRM, please go to the PRMIA website.

### PRMIA CHAPTER MEETINGS

PRMIA has regional chapters around the world that host regular meetings on current risk management topics. The speakers are leading industry figures from banks, exchanges, regulators, academia, consultants, vendors, asset managers etc. The meetings are open to all PRMIA members, and constitute an excellent opportunity for professionals to stay informed of the latest developments in risk management and measurement.



PRMIA is a non-profit professional association under the full control of its members. It does not have for-profit subsidiaries that may financially benefit individuals. Its bylaws provide strong protection for member rights and the assets of the membership. We are “of the risk professional, by the risk professional and for the risk professional.”

[www.PRMIA.org](http://www.PRMIA.org)

THE PROFESSIONAL RISK MANAGERS' INTERNATIONAL  
ASSOCIATION WAS FOUNDED IN 2002 AS A FREE AND  
OPEN FORUM PROMOTING THE HIGHEST STANDARDS  
OF EDUCATION, ETHICS, AND PROFESSIONALISM  
IN THE GLOBAL PRACTICE OF RISK MANAGEMENT.



[www.PRMIA.org](http://www.PRMIA.org)