The investment banking interview prep pack

Answer each question out loud before you read the answer.

Interview questions

Why investment banking?
Give a short, specific story: what first got you interested, what you have done to test it (a society, an internship, a deal you followed), and what you want to learn. Avoid money and “fast-paced environment”. End with why this bank.

Walk me through the three financial statements.
The income statement shows revenue, expenses and net income over a period. The balance sheet shows assets, liabilities and equity at a point in time. The cash flow statement starts from net income, adjusts for non-cash items and working capital, then adds investing and financing flows to explain the change in cash.

How would you value a company?
Three main ways. Comparable companies (trading multiples of similar listed companies), precedent transactions (multiples paid in past deals, which include a control premium) and a DCF (the present value of future free cash flows). For buyouts, an LBO analysis shows what a private equity buyer could pay.

Why might two companies in the same sector trade at different multiples?
Differences in growth, margins, risk, return on capital and size. A company growing faster, with higher margins or more predictable earnings, usually trades at a higher multiple.

When is an acquisition accretive?
When the buyer’s earnings per share rise after the deal. As a quick check for an all-stock deal: it is accretive if the buyer’s P/E is higher than the P/E it pays for the target. For cash or debt, compare the target’s earnings yield with the after-tax cost of the cash or debt used.

Walk me through a basic LBO.
A sponsor buys a company using mostly debt. You set the purchase price and the debt and equity mix, project cash flows to pay down debt, assume an exit multiple after about five years, and calculate the sponsor’s IRR and money multiple on the equity it put in.

Tell me about a deal you’ve followed recently.
Pick one deal and know it well: who bought whom, the price and multiple, how it was paid for, the strategic logic, and one risk. Have an opinion on whether it was a good deal, and say why.

Tell me about a time you worked under pressure.
Use a clear structure: the situation, what you did, and the result, with numbers if you can. Show that you stayed organised and accurate, not just that you worked late.

Readiness checklist

- [ ] I can walk through the three statements and how they link
- [ ] I can explain the main valuation methods and when to use each
- [ ] I can do a simple DCF and explain WACC
- [ ] I can walk through a basic LBO and estimate IRR in my head
- [ ] I can explain accretion and dilution
- [ ] I have a short, honest story for “why banking”
- [ ] I follow two or three live deals in my target sector
- [ ] I have spoken to at least 10 bankers
- [ ] My CV fits on one page and every line has a result
- [ ] I have done at least 10 timed mock interviews

Your plan

12 months before applications open

Learn the basics. Accounting, the three statements and enterprise value. Join your university finance society and start reading the financial press every day.

9 months before

Build your story and your list. Write your “why banking” answer. List 30 to 40 target firms across tiers and start networking: alumni first, then cold emails.

6 months before

Go deeper on technicals. Valuation, DCF, M&A and LBOs. Build a simple model yourself. Follow three live deals closely.

3 months before

Practise interviews. Timed mock interviews twice a week, out loud. Polish your CV with people already in banking.

Applications open

Apply early and in batches. Submit the strongest applications in the first two weeks, then keep going. Prepare for online tests and video interviews.

Superday

Perform on the day. Know your CV line by line, have two deals ready, ask good questions, and send short thank-you notes.

What to read

The Financial Times or The Wall Street Journal. Read the companies and markets sections daily.

Bloomberg’s Money Stuff newsletter. Matt Levine explains deals and markets clearly and with humour.

Investment Banking by Rosenbaum and Pearl. The standard textbook on valuation, LBOs and M&A.

Barbarians at the Gate. The classic story of the RJR Nabisco buyout.

Your target banks’ deal announcements. Read the press releases for deals your target teams worked on.