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Career guide · Private credit

The private credit interview prep pack

The questions interviewers ask, model answers, and a plan to be ready on the day.

5
Interview questions with answers

5
Readiness checks

$150k to $225k
Junior pay, all-in (US)

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Get interview-ready for private credit.

Private credit funds lend directly to companies, often those owned by private equity firms. It has been one of the fastest-growing parts of finance, and hires people who can judge whether a loan will be repaid.

How to use this pack

Cover each answer, say yours out loud in under a minute, then compare. Use the lines to note what you missed.

Interview questions

5 questions

Credit

Walk me through how you'd decide whether to lend to a company.

Look at the business (how stable its revenue is, its competitive position), the numbers (cash flow, leverage, interest cover), the downside (what it is worth if things go wrong) and the terms (security, covenants, pricing). Then decide whether the return is worth the risk.

Credit

What is loan-to-value?

The loan amount divided by the value of the company or asset. A lower loan-to-value means more of a cushion before lenders lose money.

Market

Why has private credit grown so fast?

Banks pulled back from some lending after the 2008 crisis because of tighter rules, and borrowers value the speed, certainty and flexibility of a single direct lender. Investors like the steady, floating-rate returns.

Technical

What happens to a floating-rate loan when interest rates rise?

The interest the borrower pays rises, which is good for the lender's income but increases the risk the borrower can't pay.

Case

A company has $50m EBITDA and wants a $300m loan. Is that reasonable?

That's 6 times leverage, which is high. It depends on how stable the cash flow is, how much equity sits below the loan, the interest cost compared with cash flow, and the security and covenants. For a stable software business it may work; for a cyclical one it is probably too much.

Are you ready to apply?

5 checks

- [ ] I can analyse a company's ability to repay debt
- [ ] I can explain leverage, interest cover and loan-to-value
- [ ] I can build a model with a downside case
- [ ] I can explain why private credit has grown
- [ ] I can write a short credit recommendation

Your plan, step by step

4 stages

- [ ] **Before you apply**

  ### Build credit skills

  Leveraged finance, restructuring or bank credit roles are the best preparation.

- [ ] **6 months before**

  ### Practise credit cases

  Write a one-page loan recommendation on a real company.

- [ ] **3 months before**

  ### Talk to headhunters and funds

  Be clear on the strategy and size of fund you want.

Interviews

Focus on the downside

Lenders care most about what happens when things go wrong.

What to read

3 picks

1 **Private Debt Investor news**
Industry news on funds and deals.

2 **Oaktree memos by Howard Marks**
Thinking on credit cycles and risk.

3 **Quarterly reports of listed business development companies (BDCs)**
Real portfolios of private loans.

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Now say it out loud.

Knowing the answer isn't the same as saying it well under pressure. The free Mandate app reads questions aloud and scores your spoken answer on key points, structure, pace and filler words.

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