



Technical interviews test your knowledge of finance. Below is a list of questions candidates have been asked in recent years. Many of these questions are like a verbal quiz about finance. Others are more like miniature cases based on real situations in finance.

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## CURRENT EVENTS & COMPANY RESEARCH

- What is our company's stock price?
- What is one area where our company is exposed to risk? What would you do about that?
- How does the increase in interest rates affect our company?
- If you were the CEO of our firm, what would you change?
- What is the price of S&P 500, Dow, NASDAQ, 10yr treasury, gold, and oil today?
- What has S&P 500 done this year and where do you think it's going?
- Do you think the US economy is headed for a recession?
- What's your favorite stock and why? Sell it to me.
- US equity market has grown, but emerging markets have lagged. Why?
- With interest rates so low, where would you invest in the fixed income market and why?
- Hedge funds have been challenged, would you still invest in alternative investments and why?
- What are the methods of raising capital for a project?
- Revenues are rising and profits are falling. What could be going on?

## ACCOUNTING

- What is an accrual?
- What is the relationship between the three financial statements? How does depreciation affect each?
  - Balance Sheet
  - Cash Flow Statement
  - Income Statement

## BEHAVIORAL

- If I gave you \$1,000,000 today, what would you do with it?
- If I gave you \$100,000 to invest in a stock today, what stock would you pick and why?
  - Walk me through how you would value this business and decide whether to invest.
- If you have two products that are similar, how would you decide which one you want to launch?
- How would you make a business profitable (discuss P&L for this one!)?
- How would you go about pricing a product?
- Tell me about a recent article you read and why it stood out to you.
- Why do you want to work in investment banking?
- Why do you want to work for our company?
- Why should we hire you instead of the 100+ other candidates?
- How might you calculate the number of taxi cabs in NYC?
- What is the approximate number of book titles ever published?

## VALUATION

- What is the difference between Internal Rate of Return and Weighted Average Cost of Capital?
- How do you calculate WACC? Where do the cost of capital and cost of debt values in the WACC equation come from?
- What are the ways you can value a company? What are the advantages and disadvantages of each?
  - Discounted Cash Flow Statement
  - Comparable Company Analysis
  - Acquisition Comparable Analysis
- When should you value a company using a revenue multiple vs. EBITDA?
- How would you value a company with negative historical cash flows?
- What is the appropriate numerator for a revenue multiple?
- Two companies are identical in earnings, growth prospects, leverage, returns on capital, and risk. Company A is trading at a 15 P/E multiple, while the other trades at 10 P/E. Which would you prefer as an investment?
- Walk me through a leverage buy-out model.
- If you are analyzing the credit of a potential customer, what factors would you consider?
- What is good/bad about debt/equity?
- What is typically higher—the cost of debt or the cost of equity?
- How do you calculate the cost of equity?
- How would you calculate beta for a company?
- How do you calculate unlevered free cash flows for DCF analysis?
- Walk me through the steps of conducting an NPV analysis.
- Does it ever make sense to accept a negative NPV project?
- What are some things you can do to further investigate a negative NPV project?
- Is ROA a good measure of success?
- What could be some reasons why actual cash flow was less than forecast?
- How would you go about analyzing a situation where demand exceeded capacity?
- What is better for our company, 2/10 or net 30?
- Which is better for your company, offering a 2% discount if paid in the first ten days, or getting the net due in 30 days?

Schedule an appointment with a [Career Coach](#) to discuss interview strategies and conduct a mock interview.