

Competency Based Questions

- Give an example where you have worked in a team environment where you had a leadership role? Did you have any difficult situations and if so how did you deal with it? (Answer: question is to assess whether the candidate has leadership qualities and is able to take on responsibility.)
- What has been your greatest challenge?
- Tell me a time when your objective was different from the rest of the group.
- What is your five year plan / Where do you see yourself in 5 years (or 3 or 10)? (Answer: what we do NOT want is someone who does NOT have a plan, or has NOT thought about it. this is a standard question, so hesitation is NOT really an option. We would be looking for how comfortable the person is with discussing his/her plans (honesty, confidence, poise, structure of answer).
- What are your strengths and weaknesses?
- Detail a situation where you knowingly "broke the rules" or did something in a different way from the accepted norm. What were the positive and negative repercussions? When is changing the way of doing something or pushing rules acceptable and when not? (Answer: - Honesty, integrity are tested here as well as knowing when creativity is valuable and when not.)
- Can you tell me about a time when you've been challenged by a disagreement in a team? How did you deal with the opposing views and what was your role in it? What did you do to help the situation if anything?
- Tell me about a time you have set to achieve a goal and failed. How did you deal with it?
- Describe a time when you have worked under pressure.
- Describe a time when you have had to use your own initiative. (The more varied the examples are the better)
- Describe a time when you displayed discipline, organisation and strong work ethic.
- What non academic things make you different from the rest/ what makes you unique?
- Who are your role models and people you look up to?
- What do you feel is key to success as an individual?
- Tell us about a time when you had to influence others and persuade them that your course of action would be better than theirs. How did you do it? What did you learn?
- Can you describe a situation when you have worked in a team on a major project? How did you contribute to ensuring the team performed the tasks set and worked well together?
- What personal qualities have you used to build relationships with peers or with people in authority?
- To which team or group have you felt that you most belonged? A group where you felt at home? Why did you feel comfortable in this group? What informal roles did people fulfil in the group? What was your informal role?

- Please describe a time when you've had to speak in front of a large audience? How did you prepare? How was it received?
- Describe a time when you assembled material into a compelling presentation. What was your strategy to make your case as strong as possible? How did you evaluate the success of the presentation?
- Tell us about an occasion when you influenced others to think beyond the obvious or to be more creative. What was your role? What were your ideas? How did you communicate them? What was the reaction?
- Can you give an example of a time when, in an important conversation, you were misunderstood? What caused the confusion and how was it resolved?
- Tell us about a time when your views have differed materially from those of one or more fellow team members. How did you handle the situation? What was the outcome?
- What are you passionate about? Can you describe how you gained interest in that area? How much time do you spend?
- Can you tell us about a time when you've had to assume more responsibility than your job or role required? What was the situation? What was the outcome?
- Over the last three years tell us about the achievement of which you are most proud? Why are you proud of this? How did you achieve success?
- Can you tell us of a time when you produced work that clearly exceeded expectations. How did you achieve this?
- Can you give us an example of when you have had to approach a task in a new rather than established way? What necessitated the change of approach? What were the benefits of the change? Would you have done anything differently in hindsight?
- Can you tell us about a time when you have carried out a routine task over a long period of time? Were there any challenges for you in completing this task in the same way repeatedly?
- Can you give us an example of when you have had to work to a tight deadline? How did this impact the quality of the work that you delivered?
- Can you tell us about a time when you were required to work on, and submit, multiple pieces of work at the same time? Were they all solo tasks? If yes, what challenges did you face in completing them all on time? If some were group projects, how did you go about working with others to meet your deadlines? What did you learn from the experience?
- Can you tell us about a situation you were faced with that required an extremely fast response from you? How quickly did you respond? What did you consider before responding?
- Tell us about a situation when you missed a deadline. Could you have done anything differently?
- Describe a time when your workload and involvement in other activities meant that you did not have sufficient time to do everything? What did you do? How did you organise things?

- Describe a time when your work life and responsibilities have impinged on your personal time? How did you resolve it? How did it make you feel?
- Can you describe a time when you had to learn a lot of new and difficult concepts quickly? What was the outcome? What did you learn from the experience?
- Can you describe a situation where you had to make a decision and you didn't have all the information you wanted? What was the decision? What doubts did you have?
- What is the most demanding piece of research that you have undertaken? What was the process of choosing the subject to research? Why did you consider it to be demanding? How did you organise yourself? How did you communicate your results to others?
- Describe a decision you have made that may have been rather hasty. What were the benefits at the time as you saw them? What information did you fail to take into account? How did you feel at the time? What would have done with more time?
- What made you apply for this role? What research have you carried out into the role and industry? What are the attractions of the role? What concerns do you have? What other options are you considering?
- What do you think you will be doing in this role during your internship? In your first two years?
- What do you think the role of an auditor or tax consultant entails? How do they help their clients? What other entities might you expect to interact with in addition to the client? Regulators? Other service providers?
- Describe the most creative, radical or different thing you have done of which you are most proud. How did the idea come about/where did it come from? How did others react to it?
- Describe a situation where you had to generate a lot of new ideas? What did you come up with? What did others think of your ideas?
- Can you think of a time when you've had to learn a lot of new and difficult concepts quickly? Describe the challenge – what was the issue, the time and effort?
- Tell us about a specific learning need you have had? How did you meet it?
- Tell us about something (an idea, a job, a company, an article) that has interested you recently. What have you found out?

Commercial Awareness

- How do you keep up to date with what is happening in the business world? What do you think are the major issues in the business world currently (UK/Europe/globally) Is there a particular recent event that stands out for you as significant in the business world? What makes it significant to you?
- How has the economic downturn impacted the business world? How can businesses manage with these challenges?

- How have financial markets (specifically in the UK) managed in the last six months? How does this compare to other major developed and developing economies? [If the candidate identifies differences between economies] What explains these differences?
- How has the current economic climate impacted investment banks in particular? How have they reacted to these challenges? What opportunities are for them to develop or grow their businesses currently and in the medium term future?
- Can you give us an example of a company that has really struggled in the downturn. Why have they struggled so much? How can they improve their position?
- Tell us about a company that has managed to grow quickly in the last few years (including or excluding the downturn). What do you think made them so successful? How successful have they been (financially)? What other opportunities can you see for them to continue to grow their business? [For companies that grew before the downturn] How have they coped in the last 12-18 months? [For companies that have grown in the downturn] What do you think their prospects are like in the next 12-18 months?
- Why do you think the company [x] that you have had work experience at has been successful? How do they seek to differentiate themselves from their competitors? Based on your first hand experience what do you think they could do to improve on their business?

Market Based Questions

- What have equity markets been doing recently?
- Name some of the main equity indices and where did X close yesterday?
- Describe some recent M&A's
- What is the IPO market like and where do we go from here?
- Summarise the "credit crunch"- how did it start and develop?
- Where are rates compared to last year and why?
- Is the current situation a global problem? Which economies will have been most affected?
- Explain what is meant by deflation, what are some causes and impacts?
- What has/have oil/commodity prices done in the last year?
- What are the main currencies and what have been the biggest currency themes over the last few months?
- What affect has the economy had on companies/equities?
- What are the prospects of the equity markets from here? What will happen next?
- Which sectors would you invest in now/once the "crisis" is over?
- Why do we use the term "credit crunch"?

- What do the following terms mean: Markets: Bonds, Futures, Cable, CDS, CDO, rates hiking, hawkish, bullish, dovish, bearish.
- How has the attitude towards risk taking changed over the past few months/years?
- Why did CB's cut interest rates? Do you think they should cut them more?
- What is your inflation outlook?
- What is the government (US/EUR/UK) doing to solve the current market crisis?
- If you had £100 to invest where would you put it?
- Where do you see commodities/rates/equities market heading in 2012 and why?
- Where are UST/Cable/Euro/Dollars?
- Why do you want to enter an industry which is unrelated to your studies? (Answer: looking for an ongoing interest in economics. Would like to see a candidate be able to relate how their previous long term interests have propelled them into this career.)
- What specific research have you done to find out about the role you going for?
- What is the effect of interest rates on property demand?

Division Specific Questions

- What makes a good analyst?
- What do you think you will be doing as a financial analyst? (Good response includes: research on companies/markets, conducting spreadsheet analysis, creating/editing presentations; generally whatever is required to "get the job done")
- What does an investment bank do? (Good responses include the following: * distinction between sales/trading functions and investment banking division (with extra points for further distinction between capital raising and advisory businesses); provide liquidity to investors; provide investment ideas; provide strategic/M&A/capital structure advice; provide financing:
- Why would you like to work at an investment bank? (Good responses include: enjoy analytically rigorous work; intellectually curious/like to learn about how things work; dynamic environment/people

IBD Specific Questions

- What skill sets do you believe you require to succeed in investment banking and specifically corporate finance/M&A?

(Answer: enthusiasm, analytical, hard-working, pro-active, attention to detail, reliable, ability to take on responsibility)

- What is your perceived view of the role and lifestyle of an investment banking analyst? (number cruncher (excel), building models, preparing analysis, preparing pitch-books, working long hours including weekends).

- What are the strengths and weaknesses of some of the ratios used in banking P/E or EV/EBITDA
- Tell me about a recent deal in the market and why it has interested you
- What kind of financial models do you know?
- What is investment banking? What services does an investment bank offer?
- What is the difference between the entity “an investment bank” and the activity “investment banking?”
- What is corporate finance / M&A?
- What is the difference in mentality between the corporate finance department and the financial markets department?
- What services, typically, does a corporate finance / M&A department offer to its corporate clients?
- How does the corporate finance department charge its fees to clients?
- What is the difference between 3rd party (advisory / agency etc) M&A and “principal finance”?
- Why do you want to work in corporate finance?
- Why do you think you are suited to a career in corporate finance?
- What do you think you will be doing in your first X months / years in corporate finance?
- Do you know what is entailed in ‘origination’ work?
- Do you know what is entailed in ‘valuation’ work?
- Do you know what is entailed in executing and managing a transaction through to completion?
- What types of financial models will you build? What purpose will they serve?
- What research will you be asked to do?
- When companies float to become listed on the public market, what are (a) the advantages and (b) the disadvantages? Why do some public companies become private again?
- What are (a) the various advantages or (b) the disadvantages of (c) equity finance or (d) debt finance to (e) the company raising the finance or (f) the investor investing the money?
- Name three ways to value a company? What are the relative strengths and weaknesses of each method?
- What are each the definitions of a Profit and Loss Account, Balance Sheet and Cashflow Statement? What two categories of financial information does each one contain?
- Why is accounting profit different from cashflow and why is cashflow a better measurement of a company’s financial health? How can a company manipulate its reported accounting profit?

- What is meant by EBITDA? How do you reorganize a company's accounting statements to discover its true economic profit, as opposed to its accounting profit? How do you calculate its 'free cashflow'?
- How do you calculate the discount factor to be used in a DCF model? What is this figure otherwise known as? How do you calculate the cost of a company's equity finance? How do you calculate the cost of its debt finance?
- What is measured by a stock's 'beta'?

AM/PWM Specific Questions

- Do you read financial press? Talk me through an interesting article that you have recently read.
- What interest do you have in financial markets? Do you know if the FTSE is up or down so far this year?
- What are the credit considerations for opening a garden centre in the city of London?
- If you had to put a trade on now where and what would it be? (Answer: This is something you need to think about if you're going for either a sales or a trading role, but especially for a trading desk. In the answer, candidate must be able to argue the rationale for their trade and point out the potential downside risks. An outstanding candidate would also have thought of profit targets and stop loss points, and would be aware of the event risks that would change their decision and cause them to unwind the trade.)
- Derivatives question:
 - a. What are the factors that affect an option price?
 - b. Are options path dependent?

Ans for a: Spot price, strike price, interest rates, dividends, volatility, time to maturity.

Ans for b: Options are path dependent due to the changing profile of gamma and vega (capture of volatility).

Capital Market Specific Questions

- Why Trading? (Answer: Looking for RISK APPETITE; a common mistake to make here is to point out why one would be less suited to sales and therefore better suited to trading - part of what makes someone a good trader in this environment of ever-tightening bid-offer spreads is also being a good salesperson?)
- What is a bond and how do you calculate its price?
- What are equities?
- What is an option?
- Which sectors would and wouldn't you invest in and why.
- What is involved in the following roles - sales, sales-trading, research, trading?

- Have you ever done something where you lost a lot of money?
- How does a fruit trader make money trading? (Go through logic of how to market make).
- Trading is all about having a view so if you can demonstrate this whether talking about football, the economy, cars etc this would impress the interviewer even if they don't agree with you. However with every view you have to have some logic to back it up and be confident in talking people through your logic. Try not to sit on the fence too much as this would imply that you are risk averse.
- What current trends have you noticed in the markets?
- Sell me this pen? Why should I buy this one above others?
- What are CDS/CDO's
- What criteria would you look at/ think about when trying to differentiate your view between two different companies?

(Answer: This is a deliberately open question designed to see how the candidate can structure an answer and how complete an answer they can give within a very broad selection of eligible responses. Some things to include; competitive situation in the industry)

- Do you think the performance of airline stocks should be positively or negatively correlated to the oil price? Why?

(Answer: 9 times out of 10 the initial answer given is incorrect. That doesn't matter (and this is the same for all questions of this style) What is important is to explain your thought process, why you reach the conclusion that you do. Ask questions if you think you need to.)

- What does a Price Earnings ratio tell you about a company? Could you explain a situation where a company with a higher P/E ratio would be seen as MORE attractive than a peer with a lower P/E ratio rather than LESS? (Answer: this demonstrates a candidate's understanding of valuation metrics and the fact that valuation at any given moment in time must be taken into context of the growth expectations for that company.)
- What do you know of Emerging Markets? (Answer: Looking for candidate to express genuine interest in EM, have followed it to some extent (politically, economically) and have a general awareness of general market trends)

Case Studies

- Imagine you run XX type of business...what are its strategic strengths or weaknesses? How could they be addressed by entering into an M&A deal? What are the so-called "five forces" that influence the competitiveness of an industry? How can a company create and maintain competitive advantage?
- Discuss a recent M&A deal that interests you. What was at stake? What were the issues in the deal completing / not completing?
- What variables would you use to measure a company in the XX industry or the YY industry?

- Imagine you run a business that grows and sells Christmas trees. You are considering expanding by adopting an M&A strategy? What types of businesses could you consider acquiring and why?
- Imagine you are on a plane on the way back from America. You come upon the idea of a new type of razor blade that could last twice as long as conventional razor blades but be made at half the price. How would you go about estimating a) demand b) potential sales?

Brain Teasers

- What's the square root of 200, 300, 400, 1000
- You have a large cube comprising lots of mini cubes each side is 100 along each edge. Shave one layer off each edge, how many mini cubes do you have left?
- There are 100 light bulbs, each controlled by one switch. At the start all bulbs are off. Person 1 walks past the switches and flicks each switch. Person 2 walks past and flicks number 2, 4, 6, 8, 10...100 switches. Person 3 walks past and flicks number 3, 6, 9, 12,...,99 switches. Person 4...Person 100 walks past and flicks the 100th switch. How many bulbs are on?
- There are 10 bags of sweets, each containing 10 sweets. Each sweet weighs 1g, except for one bag, in which each sweet weighs 1.1g. Using an electronic balance once, how can you identify which bag contains the 1.1g sweets?
- How many combinations of on/off can you make with three light bulbs (e.g. on-on-on, on-off-off...)
- How many gravestones are there in the UK?
- How many copies of the London paper are handed out each day?
- What is 1111×1111 ?
- How many pairs of shoes are bought in India every year or how many restaurants are there in London - no correct answer but want to see logic.
- Estimate the number of ringtones downloaded to mobile phones in the UK this past year. (Good answer: ability to make reasonable assumptions and use logic to estimate an unknown quantity eg - population of UK, penetration rate of mobile phones in UK, % of people owning mobile phones who download ringtones, avg # of ringtones downloaded per person....)

Tips

Talk to as many friends, bankers, etc as possible to get an understanding of the division you are applying for and read graduate brochures. Also make sure you do your research on the organisation ..i.e. go to the company website and absorb as much info as possible.

Aptitude/ability is what is required for candidates to do the job, but attitude/presentation is what gets them an offer. Mock interviews are very important

Because bankers work long hours, at a junior level we would be looking for people who are hardworking, passionate about what they love in life, have very good attention to detail (perfectionist tendencies), willing to be dedicated to work, a very strong grasp of basic mathematics,

statistics, and excel. "Fit" and personality is extremely important in our group, as the same people who run the models will also speak to clients and go on roadshow.

Try not to come across as arrogant in a bid to be confident.

Never claim to know about something you don't know about. It is best to admit that you do not know,

Show confidence in one's abilities, motivation and drive to succeed, acceptance of failing and improving the situation by learning from mistakes, responsibility, ability to deal with people of all levels.

Be confident and keen to learn. You don't need to know everything about the market as that is what you will learn, but if you are dedicated and motivated and good with people then you will be able to learn and succeed.