

FINANCE INTERVIEW QUESTIONS

[CODING BUGS](#) [NOTES GALLERY](#)

BANK OF AMERICA QUESTIONS

1. Which is more Riskier-2.0 beta or 1.2? Why?
2. How is FCFF calculated?
3. Explain the DCF valuation method.
4. How will u put a money tag on an IPL team? That is how will you evaluate it?
5. What are the ratios used for evaluation? Is P/E ratio one of them?
6. Let's say HUL has a P/E ratio of 15X and Infosys has the same of 29X. In which company would u advice your client to invest? Why?
7. How do u calculate WACC?
8. How do u calculate beta?
9. What is the formula for calculation of cost of equity?
10. Why do u discount cash flow in DCF valuation?
11. How would an increase of 100 units in D&A affect the three financial statements
12. Why is the free cash flow calculated from EBIT and not Net Income?
13. Can we use EV/net Income multiple?

JP MORGAN QUESTIONS

1. Tell us about a recent news story and why it sparked your attention
2. What is going on in the current market right now that has interested you and why?
3. What is the biggest challenge facing the financial market in the next 5 years?
4. What current issues will affect the sustainability of investments in future
5. How will the bond market react to the interest rate drop?
6. What's your view on the European debt crises?
7. What do you know about public finance?
8. How would you compare X company with Y company (e.g. GE and GM)?
9. What interests you about IPO's?
10. What makes JP Morgan different from other banks and the financial industry as a whole?
11. What's the biggest threat to J.P. Morgan?
12. How many coins would fit in this room?
13. How many cigarettes are sold in the US each year?
14. Walk me through a DCF
15. What are the ways to work out a company's value?
16. Talk to me about some leverage ratios you may use to value the risk on the company's balance sheet
17. Value Airbnb using DCF, LBO, and Comps
18. When would you not use a DCF to evaluate a company?
19. How would a DCF change for a company in the biotechnology space?
20. How do interest rate changes transmit to corporate balance sheets?
21. Walk me through a depreciation expense, in year 0 and then in year 1, of a \$100,000 purchase of a building
22. A shoemaker in New York makes shoes for his clients. Give me your scenario of his balance sheet this season. Now link his balance sheet, income statement, and cash flows together.

GOLDMAN SACHS QUESTIONS

1. Walk me through the three different ways of valuing a company.
2. Walk me through a DCF. What does a DCF do?
3. Walk me through an LBO analysis.
4. What factors can lead to the dilution of EPS in an acquisition?
5. If you are in a business that wants to preserve cash, what type of inventory accounting method would you use (LIFO or FIFO) in a time of rising prices, and why?
6. You're using multiples to value a company but those multiples are skewed. What do you do?
7. What is Minority Interest and why do we add it in the Enterprise Value formula?
8. Why is cash subtracted from Enterprise Value (EV)?
9. Briefly walk me through a discounted cash flow analysis. (including WACC).
10. How do you get to free cash flow (FCF) from EBITDA?
11. If a company raises debt, what happens to its WACC? What might make your answer wrong?
12. A client in the aerospace industry wants to know about related markets which are impacting his stock price. Which industries and markets do you look at?
13. Why can't you use EV/Earnings or Price/EBITDA as valuation metrics?
14. Discuss a deal you have read about recently.
15. How do the three financial statements fit together?
16. Which is the best method of valuing a company and why?
17. What does shareholders' equity consist of? How does net income affect it?
18. What will you actually do as an analyst or associate in an investment bank? What attracts you to this?
19. You're meet the CEO of an industrial company. She wants to know how much her company is worth. Which information do you need?
20. How does depreciation move throughout the financial statements?
21. What does IBD do?
22. What's the NPV of \$1 with a 10% discount rate over 10 years?
23. You have two companies with the same P/E ratio. What makes their EV/EBITDA different?
24. How do you choose between a company with a P/E ratio of 8 and another of 10?
25. You receive a dollar for the rest of your life? What's the value of those dollars today?
26. Why IBD instead of consulting?
27. How would you value a company which was very successful until recently, but lost market share due to a single event?
28. How do you define depreciation and how would you show it on financial statements?
29. Is there an economic slowdown? How did it start?
30. Where do you see markets trading in three months, six months, nine months?
31. Which structured equity product would you issue in the current market conditions?
32. Explain the options Greeks.
33. Explain what a put option is.
34. Explain the assumptions behind Black Scholes.
35. Is gold overpriced?
36. Are equities overpriced?
37. What's moving the markets now?
38. What's happening to market volatility and why?
39. What's your top stock pick?
40. What's the beta of a slot machine?

41. General Motors or Facebook? Why?
42. How would you hedge against the risk of an Apple bond defaulting?
43. Why are you better than other candidates on picking stocks?
44. How should a bank evaluate the creditworthiness of a counter-party?
45. Pitch a long stock? Pitch a short stock?
46. How would you invest \$1k?
47. If you had \$1bn to invest in global equities, how would you position your portfolio?
48. You're given information about a company's stock price over a period of 12 months. How do you determine how risky it is?
49. What's the Monte Carlo method for pricing options? How does it work?
50. Talk to me about an asset class you're interested in.
51. What's the first question you would ask a potential client?
52. Describe a time when you used data to forecast trends.
53. What are today's 10-year treasury bond returns?
54. Name a political event you're tracking. How do you expect this to impact the markets?
55. You have a zero coupon bond and a par bond. Which has higher duration?
56. What do you think of Bitcoin?

EY QUESTIONS

1. What is WACC?
2. What is Cost of Equity?
3. What is the logic of valuing of cost of equity through CAPM?
4. What is Risk free return?
5. Why do you take risk free return of 10 year bond, why not any other period?
6. What is risk free return in India?
7. What is risk premium?
8. What is Beta?
9. How would you find the cost of Equity of Uber which is a unlisted company and a private company. What would be risk premium in this case?
10. While taking peer group Beta, would you take effect the capital structure of peer group. How would you go about to find the cost of equity. (Very basic question fairly confused)
11. Why do you take median of the Beta of the peer group? Why can't you take Mean? Would it actually make any difference if median is taken instead of Mean
12. Write an Essay on any non-finance topic.
13. what is WACC
14. what did you learn during the course
15. which deal did you track
16. What was the basics of the deal and how much did Etihad infuse?
17. What is EV? How do you calculate it?
18. Do you take Share of Associates and Joint Ventures while Calculating the EV?
19. Do we take the same while calculation EBITDA?
20. As you said the EBITDA tells the operational efficiency, but don't you think we should match apple to apple, As share is included in EV and not in EBITDA- (think about it we'll discuss it in end)
21. What is FCFE and FCFF
22. Company A wants to value a company using FCFF and company B wants to value a company using FCFE. Do u think they would differ in there valuations?
23. Even if FCFF and FCFE are discounted at a different rate and one takes the effect of Debt and other does not, But don't you think it gives the same value ?(think about it we'll discuss at the end)
24. Did you prepare any Models?
25. While preparing the real estate models, what options did you consider?
26. what was your approach while evaluating the models
27. Is there anything apart from comparison of IRR to that of expectations that would help you in analyzing the best options?
28. What are your interests?
29. What made you have interest in real estate Valuations?
30. Anything that would like to ask from us.
31. Will acquisition of investment effect working capital?
32. How to calculate NOPAT, if you are given PAT?
33. How will you account the profit received from JVs/Associates?

COPAL PARTNERS QUESTIONS

1. Techniques used for valuation
2. Inputs used in DCF technique
3. What do u mean by EV/Sales multiple
4. What do you mean by precedent transaction comps
5. What are pro forma financials
6. Your current job profile
7. Describe Debt Service Coverage Ratio. Why is EBITDA used in as a numerator while calculating DSCR? What if EBIT or Net Income is used as a numerator while calculating DSCR
8. What are the types of Ratios?
9. List the Liquidity Ratios. Why is 2:1 the ideal current ratio?
10. What is Capital Budgeting?
11. Name the techniques used in Capital Budgeting
12. Differentiate between Payback method and Discounted Payback Method
13. What is NPV?
14. What is IRR? What is the formula for calculating IRR?
15. Define FCFF. Differentiate between FCFF and FCFE
16. Why interest is not deducted while calculating FCFF?
17. Define Enterprise Value. How to calculate it?
18. What is Market Capital?
19. Define excess cash. How does a company differentiate between Normal cash & Excess Cash?
20. What types of debt are included in EV?
21. Why are debt and excess cash deducted while calculating EV?
22. What are Unfunded Pension Liabilities? Why do they form a part of debt?
23. Define Minority Interest. State the reason for its inclusion in EV
24. What is EBITDA? As an investor would you consider EBITDA or Net Profit for judging a potential investment?
25. WACC and its calculation
26. Cost of other components of capital
27. EV and EV multiples
28. Which of the following will you choose to invest your money and Y :
29. What is ESOPs , share repurchase and stock splits
30. What is terminal Value
31. Which is the best approach DCF or Relative Valuation and there definition

CIA ANALYTICS QUESTIONS

1. What are accrued income and deferred revenue?
2. Explain the CAPM formula to calculate the cost of equity.
3. Explain, risk free rate, risk premium and beta.
4. Formula for FCFF, calculated from EBITDA.
5. How to calculate cost of equity for private companies.
6. Given relationship between 2 stocks and index, calculate the cost of equity of the 2 stocks.
7. How do you calculate beta?
8. How to do DCF valuations for multinational companies.
9. If growth is greater than KE, how terminal value will be calculated?
10. Why do we use EBITDA multiple instead of EBIT multiple.
11. What factors are taken into consideration while selecting comparable companies
12. FCFF using EBITDA and without deducting depreciation
13. Why book value of debt is used for WACC and not market value?
14. calculation of KE,KD,KP

ANALEC QUESTIONS

1. Net Income 100, Amortization 20, Interest Expense 15, Principal Payment 150...Calculate Debt Service Coverage Ratio
2. Interest 40, Interest Capitalized 40, EBIT Margin 20%, Sales 10000 Cal Interest Coverage ratio
3. Current assets exceed current liabilities if accounts payable increased then what is the effect:-
 - a. CR Increase
 - b. CR decrease
 - c. WC Increase
 - d. WC decrease
4. Equity 100 mn, Short Term Debt 50, LTD 100, Cash for security and investment 50 revenue 600 what is EV/Sales
5. RFR 7%, Beta 1.2, Rate of return 13%, Market Risk premium 12% is stock
 - a. Undervalued
 - b. Overvalued
 - c. Information not sufficient
6. CMP 20, Dividend 12 Next Year CMP 22 DP Ratio Same as Before What should i pay today to get my Future value of 264 Rate of return is 12%
7. Cost of Debt 8%, Tax rate 40% $D/E = 0.8033$, Growth rate 7%, Dividend for next year = 10, CMP = 65 Cal. WACC
8. Cash Flow from operations = 500, Interest Exp. = 50, Tax rate = 35%, Working Capital = 200, Additional Fixed Asset Growth = 400, cal. FCFF
9. P/S, P/CF, P/E, P/BV which ratio does not give best of the results
10. Can we change the target capital structure each year a. yes b. no
11. What is deferred revenue?
 - a. Is contingent liability
 - b. we deferred for following year due to difference between GAAP and tax procedure
12. . PER 15x CMP 60 ROE 12% Shares O/S 50million calculate P/BV
13. Turnover 12000, Long Term Assets 12500 Current Assets 2500, Liabilities 2000 Calculate Asset-turnover ratio
14. If Dividend is 5. There is decline in growth of dividend of 5% for next year and 10% thereafter forever. Calculate the present value. Rate of return is 12%
15. What ratio would you use to calculate the vulnerability of a firm takeover
 - a. Long Term Liabilities/ EBITDA
 - b. Net Income/EBITDA
 - c. Long Term Assets/ EBITDA
16. CMP 16, Intrinsic Value 18, Projected Dividend 0.5, Rate of return 12% what is alpha
17. Under which heading unearned revenues are shown on balance sheet?
18. Calculate FCFF, CF 100 1st year, CF 200 3rd year....Rate of return 12%...What is NPV?
19. Investment 40000, Cash flow for year 4000, Rate of Return 12% what is profitability Index?
20. DP Ratio = 40%, ROE = 12%, Calculate growth?
21. 12x, 7x, 45x, 10x, 34x calculate the median?

EVS QUESTIONS

1. Walk me through your CV
2. Give Broad Idea about DCF
3. Formula to calculate Terminal Value?
4. What all you need while doing DCF?
5. Explain how will you do DCF (Step by Step)?
6. Tell us about multiples?
7. Which industry you follow?
8. Explain in detail, the current affairs of the industry you follow?
9. How do you calculate FCFF?
10. Explain about changes in WC while calculating FCFF?(Broader view)
11. Tell us about Equity research?

SOME OTHER QUESTIONS

1. Tell me about yourself?
2. Why did you leave your last job?
3. What is your greatest weakness?
4. What experience do you have in Finance field?
5. What have you done to improve your Finance knowledge in the last year?
6. What have you learned from mistakes on the Finance job?
7. What made you choose to apply to Finance...position?
8. What are top 3 knowledge/top 3 skills for Finance...position?
9. Describe the finance functions within a company and where you see yourself fitting.
10. What's a Price/Earning (P/E) ratio and how do you use it?
11. What if 2 companies have the same value of P/E ratios, which company does you think is better?
12. How would you explain net present value to non-finance major?
13. What is our company's stock price? How would you forecast the future stock price for next year?
14. Can you describe a recent situation in which you accomplished an important objective in a brief period of time?
15. How do you take challenges?
16. Are you willing to work in shifts?
17. What is the thing you like the most in the world? Why?
18. What is the thing you dislike the most in the world? Why?
19. What does success mean to you?
20. What major factors drive mergers and acquisitions?
21. What is goodwill? How does it affect net income?
22. What is working capital?
23. What are deferred taxes?
24. What the procedures or process involved in the preparation for the audit?
25. What is Web Audit?
26. What are the different types of internal audit?
27. What is the difference between an internal audit and the annual external audit?
28. What is Internal Audit?
29. What is meant by Single Audit process?

30. How do you manage the online finance operations and describe the method to prepare a report?
31. What are the significant profile responsibilities of a finance analyst?
32. Describe a situation where you did a mistake in an important report and realized it after the submission of report?
33. Tell us a situation which is the best example for your ability to handle conflicts and issues?
34. What skills should a financial analyst possess?
35. If you are selected when would you like to join?
36. What are your academic qualifications? Name the institution from where you have done your post-graduation?
37. How do you rate your computer skills?
38. Why did you resign from your previous job? How long have you been working with your previous organization?
39. Do you think you're able to handle the work load of this job? How do you deal with stressful circumstances?
40. What stimulates you to join this field?
41. As our Financial Controller you will be leading a team of direct reports and other financial professionals.
42. Tell us a time when you worked well with external auditors, audit committee and Board of Directors. Also, describe a situation when it was difficult to build rapport with these groups?
43. What is your experience in preparing and presenting financial information for quarterly and annual reports? What were some of the complexities of the report?
44. Describe your day to day activities as a Corporate Controller?
45. How do you manage the accounting operations including the review of journal entries, payroll, accounts payable, accounts receivable and statutory reporting?
46. What process do you use to ensure accuracy?
47. What is the largest group you have managed?
48. What tools and processes do you take to prepare, analyze and present monthly, quarterly and annual operating results for each department? How is your data collected?
49. Describe the company you worked for and how many employees worked there?
50. When working on a project, describe a time when you provided strategic analysis as required to drive improved decision making. What was the situation? How did you come up with your resolutions?

51. What steps do you take to establish and monitor internal controls to ensure that accounting activities are in accordance with established legal regulatory and company policies and procedures?
52. What happens to a company's equity when assets rise \$1 million and liabilities fall \$2million?
53. What does it mean when cash flow from operations on a company's cash flow statement is negative? Is this bad news? If so, is it dangerous?
54. Suppose that you constructed a pro forma balance sheet for a company and the estimate for external funding required was negative. How would you interpret this result?
55. How will a decrease in financial leverage affect a company's cost of equity capital, if at all? How will it affect a company's equity beta?
56. If you want to assess the health of a company and you could choose between looking at 3 years of income statements or 3 years of balance sheets, which would you choose and why?
57. What are some reasons why a company might tap the high yield market?
58. Finance managers today face many challenges in governance and reporting as a result of recent legislation and events. Given what you know about these recent news events and legislation, what difficulties do you think finance managers are dealing with today?
59. What could a company do with excess cash on the balance sheet?
60. What's the difference between IRR, NPV and Payback?
61. What are the impacts on earnings if a company builds a new factory using debt? Operating lease? Capital lease? Cash?
62. Why would a company repurchase its own stock? What signals (positive & negative) does this send to the market?
63. When would you take a project with a negative NPV?
64. What is Sarbanes Oxley and what are the implications?
65. Why might a company choose debt over equity financing, or vice versa?
66. What are the ways a company can manipulate cash flows?
67. What are the primary causes of bankruptcy and what are the options available to a company?
68. Let's say that I have a bond with a 5% coupon. What happens to the market price when the prevailing interest rates rise to 8%? How are the coupons affected?
69. Which corporate bond would have a higher coupon, an AAA or a BBB? What are the annual payments received by the owner of a five year zero coupon bonds?

70. Would you rather have \$____today or \$1 a day for the rest of your life? How would you go about valuing this amount?
71. What do you think of Ben Bernanke and how is he likely to differ from Greenspan?
72. What do you think of the economy and interest rates?
73. What is LIBOR? How is it often used?
74. What does the yield curve currently look like, and what does that mean?
75. What happened in the markets during the past 3 months?
76. Do you read the Wall Street Journal every day? What is on today's front page?
77. What sources of information would you use to analyze a company?
78. What are the factors that affect option pricing? Explain put-call parity.
79. If the stock market in the United States is efficient, how do you explain the fact that some people make very high returns?
80. Would it be more difficult to reconcile very high returns with efficient markets if the same people made extraordinary returns year after year?
81. Why would two companies merge? What major factors drive mergers and acquisitions?
82. What's the difference between I-banking and Private Equity?
83. Would you make an offer to buy a company at its current stock price?
84. If a company with a P/E of 20 acquires a company with a P/E of 15 with stock, is the transaction accretive or dilutive?
85. What is the difference between a stock purchase and an asset purchase?
86. What are the major differences between purchase and pooling accounting?
87. What is the current state of both methods of accounting?
88. What are some common anti-takeover tactics?
89. Would you pay more for an asset/company with a tax basis of 100 or a tax basis of 0? Why?
90. Macroeconomics/ Capital Markets/ Investment Theory?
91. Where do you think interest rates will be 1 year from now?
92. Who is Alan Greenspan and what does he do?
93. Explain the different quality services we provide to our customers?
94. Which is your biggest weakness which you think you are not able to overcome till now?
95. Do you agree with offered perks and incentives?
96. If you have any queries regarding the job profile, then please feel free to get them clear?
97. What made you discontented about your previous job? Share the reason behind your resignation?

98. What are your educational skills in Finance? Name the institution from where have you completed your specialization in Finance sector?
99. What do you mean by Finance services? How will you familiarize the customers with our products?
100. What is the current service tax rate in Finance sector?
101. Explain the private clients and private equity? Which method do you use to calculate company's asset invested in external projects?
102. In which conditions a company prefers a debt over equity finance?

LINKEDIN COLD MESSAGE

[CODING BUGS](#) [NOTES GALLERY](#)

Hi Mr. / Mrs. XYZ,

Hope you're doing well!

I recently came across your LinkedIn profile and saw that you are working at a very prestigious Investment Bank- Goldman Sachs.

Beside, being inspired, I thought of approaching you for help.

I am (NAME), pursuing Bachelor's in (COURSE) from (COLLEGE NAME), (UNIVERSITY NAME). I am really interested in Investment Banking and currently on a hunt for full-time opportunities in this space.

Would you mind sharing my resume with the concerned team or amongst your network? I see an open position at your firm that aligns with my profile.

I am happy to share my resume, but for the sake of brevity, my skill sets are:

- Market Research
- Financial Analysis
- MS Excel/PowerPoint

I really appreciate you taking your time out to read this. Thanks in advance.

Best Regards,

(NAME)