AI in Investment Banking

Interview preparation summary · IB track

INT.XB.1.a · AI in Investment Banking

Use an AI assistant to scan and summarise CIMs, filings and market reports for a first view, and verify every figure, quote, citation and missing caveat before anything reaches a page.

A junior banker is now expected to use an approved AI assistant to get through a CIM, an annual report, a broker note or a data room index quickly, and then to prove that the result is right. An assistant is good at structure: segments, key terms, management claims and a list of questions for the seller. It is weak at exactness. The typical failures are a figure moved to the wrong year, units mixed up (thousands against millions), an adjusted number presented as reported, a quotation the document never contains, a page reference that does not exist, and a summary that drops the caveat that matters, such as a cost saving that has not yet happened. So ask for page references and check each one, tie every number you will use to the source, and ask what the document does not say, for example missing years, customer concentration or related-party items. Never paste client, deal or personal data into a public tool: use only the assistant your firm has approved and follow its policy, because firms differ. The usual mistake is to treat a fluent summary as checked work.

WORKED EXAMPLE: CHECKING AN AI SUMMARY OF A VALVE MAKER'S CIM

Wexford Valves is an invented private business being sold. The CIM shows revenue of 300.0m in FY23 and 336.0m in FY24, reported EBITDA of 52.8m, and adjusted EBITDA of 61.2m. The add-backs of 8.4m are 3.6m of documented one-off restructuring cost and 4.8m of pro forma savings from a plant closure that has not yet been carried out. The CIM says management aims to exceed a 20% margin in the medium term, subject to that closure. An AI assistant summarises: revenue up 12.0%, EBITDA margin 18.2% on 61.2m, and management is confident of a margin above 20%. What do you check and what goes on the page?

Answer: Revenue growth of 12.0% is correct. Supported EBITDA is 56.4m, a margin of 16.8%, not 61.2m and 18.2%, and the 20% margin is a conditional aim. Show the 4.8m separately as an adjustment that depends on execution.

> **Interview tip:** Say that the assistant gave you a fast first read and that you then tied each number to the page. Name the one thing it got wrong, a missing condition, because that shows you check meaning as well as arithmetic.

INT.XB.1.b · AI in Investment Banking

Use AI to review and build valuation analysis, testing every formula and result independently on known cases, reconciling to the source and recording what was AI-assisted.

Used well, an assistant can review a comps sheet or an LBO for logic errors, suggest a formula for a median or an equity bridge, draft a macro, or play the sceptic and challenge your assumptions. It does not calculate in the way a spreadsheet does. It predicts plausible text, so an answer can look careful and still be wrong, and an error can sit beside correct working. So never take a number from it without recomputing in the model. Test every generated formula on a small case whose answer you know by hand, including an odd and even number of values, unsorted data and a case where the result should be zero. Reconcile outputs to the source: the multiples to the filings, the enterprise value bridge to the balance sheet, the page total to the model. Beware a story that fits six data points too neatly, because a high fit on a small sample is weak evidence. Finally, record what was AI-assisted and what you checked, so a reviewer knows where to look. The usual mistake is checking only that the formula runs without an error.

WORKED EXAMPLE: TESTING AN AI-WRITTEN EQUITY BRIDGE

An invented company, Ormerod Plastics, is valued at 9.0 times EBITDA of 120.0m. Its debt is 400.0m, cash is 85.0m, minority interests are 20.0m and there are 100.0m shares. The assistant writes the formula equity value equals enterprise value less debt less cash less minorities and reports 575.0m, or 5.75 a share. Is it right? Ignore leases and other items.

Answer: The correct equity value is 745.0m, or 7.45 a share, not 575.0m. The assistant subtracted cash instead of adding it, an error a zero-equity test exposes at once.

> **Interview tip:** Describe the check, not just the fix: you built a case where you knew the answer, ran the formula on it, and it failed. That is a repeatable habit an interviewer can believe.

INT.XB.1.c · AI in Investment Banking

Use AI to draft pitch pages, emails and notes in house style, then own them: set the structure and recommendation, edit for accuracy and tone, keep an audit trail, and describe your AI use honestly.

An assistant can draft a cover email, a first cut of a page, or a tidy summary of a call very quickly, and it writes fluent house-style prose. Fluency is the danger: confident text hides wrong numbers, wrong reference points and claims stronger than the evidence. The structure and the recommendation must come from you, so decide the message and supply the facts before you ask for a draft. Then edit as an owner: tie every figure to the model, check that each label is right (a premium to what, a multiple on which year), calibrate the tone to the evidence, and remove generic or flattering language. Keep a record of the prompts, versions and checks, and tell your team what was AI-assisted, because firms differ in policy and a reviewer needs to know where to look. Do not delegate judgement, client advice or anything that rests on confidential material in an unapproved tool. In an interview, say what you used it for, where you did not trust it and what you check. The usual mistake is sending a draft that sounds finished.

WORKED EXAMPLE: EDITING AN AI DRAFT OF AN OFFER ANNOUNCEMENT PAGE

Pelham Logistics plc is an invented listed target. A bid is at 14.20 a share. Its undisturbed price is 11.00, its one-month volume-weighted average price (VWAP) is 11.40 and its three-month VWAP is 11.90. The AI draft says: the offer is a 29% premium to the three-month VWAP and the board has unanimously recommended it. The source term sheet says the board is minded to recommend, subject to final terms. What do you change?

Answer: The page should read 29.1% premium to the undisturbed price of 11.00, with 24.6% and 19.3% to the one-month and three-month VWAPs, and the board should be described as minded to recommend.

> **Interview tip:** Say that you decided the message first, used the assistant for wording, then checked each label and each claim against the model and the source. Own the edits and say what you changed.

Summary of the Charta interview-preparation topic. Companies and figures in the examples are invented. Draft content, not yet expert reviewed.