

APPLICATIONS TO INVESTMENT COMMITTEE

Private Credit Recruiting & Interview Playbook

Build the application. Trace the cash. Defend the lending decision.

Recruiting & candidate answers

Cash flow & debt capacity

Original underwriting cases

Complete worked solutions

Credit memo & committee defense

Two interview simulations

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Start with the lending decision

A private credit interview becomes easier to prepare for when you can answer one concrete question: would you lend this borrower this amount, on these terms, with this information? Your recruiting story, financial model and credit memo should help someone evaluate your answer.

This playbook is for analyst and associate candidates pursuing corporate direct-lending roles, particularly candidates coming from investment banking, commercial or corporate banking, credit analysis and related financial work. Students can use the application and independent-project sections, but a practice case does not replace required professional experience. Read each employer's actual eligibility criteria.

Start with basic accounting fluency: explain the three statements, distinguish enterprise from equity value, and rebuild a cash bridge. The book develops credit judgment through original examples and progressively connected cases. It is not a survey of every private debt strategy. Real estate debt, infrastructure debt, asset-backed finance, fund finance and distressed investing require further specialist preparation.

Three outputs worth being able to defend

OUTPUT	WHAT IT MUST DEMONSTRATE
An honest application	Which credit work you have actually performed and which skills you have demonstrated through independent practice.
A reproducible model	How operating assumptions become cash, debt balances, liquidity needs and a maturity funding requirement.
A conditional decision	What you recommend, why, what remains unknown and which evidence would change your recommendation.

Complete the foundational examples before the multi-year case. For each exercise, keep your initial answer, corrected answer and a sentence explaining the decision impact of the error. A polished final spreadsheet can hide whether you understood the correction.

Conventions and limits

All borrowers, candidate stories, term sheets and numerical exercises are fictional unless explicitly labeled as a dated public-source observation. They are teaching examples, not actual employer questions, borrower recommendations or representations of client outcomes. Company financial figures

are USD millions unless specified. Stated interest rates, multiples and lending limits are scenario inputs, not current market benchmarks.

Interest uses opening principal and principal payments occur at year-end unless a case states another convention. Cash taxes are supplied inputs rather than a full tax model. Legal rights are stipulated in simplified exercises; actual enforceability, priority, definitions and remedies require the relevant agreements and qualified legal analysis. A mathematically correct ratio cannot establish those rights.

This revised edition replaces the Private Credit Underwriting Workbook. It retains and expands its core exercises. It includes self-study material and complete solutions, not personal resume review, coaching, placement or access to employers. Use the worked answers to check reasoning, not to invent experience.

02

Choose the seat before choosing the story

Two vacancies can both say private credit and test substantially different work. A cash-flow underwriting seat, an origination seat and a portfolio-monitoring seat may share vocabulary while emphasizing different decisions. Begin by identifying what the team lends against and what the person hired will be expected to produce.

The role card

FIELD	WHAT TO RECORD FROM PUBLIC EVIDENCE
Strategy and instrument	Corporate direct lending, first-lien debt, junior capital or another stated mandate. Do not infer strategy from the manager's overall brand.
Borrower and geography	Industries, business scale if disclosed, sponsored or non-sponsored borrowers, and relevant legal jurisdiction.
Team responsibility	Sourcing, underwriting, execution, monitoring, restructuring or a combination.
Eligibility	Location, language, work authorization, degree and relevant experience as stated by the employer.
Evidence to show	One piece of your work that directly supports an explicit responsibility.
Unknowns	Items to clarify with the recruiter rather than fill with assumptions.

A public Ares US Direct Lending associate posting reviewed for this edition describes cash-flow modeling, debt sizing, investment committee memos and portfolio monitoring. It also specifies relevant prior experience. This is evidence about one role, not a universal hiring specification or a promise that the vacancy remains open. Record the requisition, access date and eligibility from the current employer page before applying. [S1]

Translate your background into relevant evidence

STARTING POINT	EVIDENCE YOU MAY ALREADY HAVE	GAP TO ADDRESS HONESTLY
Investment banking	Company diligence, transaction analysis, operating models and execution discipline.	Turn valuation and transaction work into a view on repayment, downside and loan terms.
Corporate or commercial banking	Credit applications, cash-flow analysis, covenants, borrower monitoring and committee writing.	Explain your exposure to leveraged structures and sponsor transactions without implying experience you lack.
Credit research	Issuer analysis, capital structure, relative risk and downside work.	Show how you would evaluate negotiated documentation, private information and ongoing lender obligations.
Transaction services or accounting	Earnings quality, working capital, statement reconciliation and evidence discipline.	Connect findings to debt capacity and a decision rather than stopping at accounting adjustments.
Student or career changer	Relevant coursework, internships and an independently built public-data or fictional credit case.	Target eligible entry routes and distinguish demonstrated practice from professional underwriting.

These are preparation bridges, not assertions that each background has the same probability of admission. A role requiring two years of relevant work may screen out a student regardless of the quality of a practice model. Maintain a parallel list of eligible credit, corporate banking or analyst opportunities instead of treating one job title as the only route.

Questions that reveal what the role actually does

Ask how a junior team member's work moves from initial screen to committee, who owns the model after closing, and how the team divides origination from portfolio work. Ask which part of a candidate's previous work helps most during the first few months. These questions yield preparation information without asking someone to disclose confidential deals or interview questions.

A useful decision rule: if you cannot identify the team's borrower, instrument and junior outputs from public material, your next step is research or clarification. Adding another general finance paragraph to your cover letter will not resolve that uncertainty.

03

Build an application with verifiable evidence

A resume bullet should survive the question, “What did you personally do?” The answer should identify an output, the analytical issue and your responsibility. Transaction size can supply context, but it cannot substitute for your contribution.

Annotated fictional resume examples

Weak: “Worked on multiple high-profile debt transactions and performed financial analysis.”

More useful, if true: “Rebuilt the borrower's working-capital bridge and tested collection delays in the debt-service model; summarized the liquidity impact for the deal team's credit discussion.”

The second version names an output, a stress and a user of the analysis. It does not claim final credit authority. Add a verified scale or result only where permitted and genuinely informative. Do not insert an invented percentage improvement just because a resume template calls for a number.

Accounting candidate example: “Reconciled proposed earnings adjustments to supporting schedules and identified recurring costs requiring separate treatment in the lender's cash-flow analysis.” This is stronger than claiming to have underwritten a loan if your actual role was quality-of-earnings work.

Independent project example: “Built an independent direct-lending practice case with a three-year debt schedule, downside liquidity test and conditional credit memo.” Put it under projects. Describe the data as fictional or public-source, as appropriate. Do not list the borrower as a client.

The evidence ledger

CLAIM	SUPPORT TO RETAIN PRIVATELY	INTERVIEW BOUNDARY
I built the model	Which schedules you built, reviewed or inherited.	Do not imply ownership of someone else's complete model.
I identified a risk	The analytical issue, your test and what happened next.	A discussion point is not necessarily a rejected deal or loss avoided.
I worked on a transaction	Your role and permitted, public facts.	No confidential borrower, client or employer material.

I improved a process

Before/after method and a supported result.

Do not estimate time savings and present them as measured.

Build a project that earns a follow-up question

Use one of this book's full cases. Submit a short memo with an assumption register and a clean model rather than a long deck of copied industry definitions. Your opening should state the requested loan, your recommendation and the binding constraint. The appendix should make it possible to reproduce the important numbers.

Keep a source sheet with four labels: supplied fact, public disclosure, analyst assumption and unresolved item. If you use a public company to learn an industry, do not pretend its publicly disclosed consolidated debt gives you the loan documents or operating data of a private borrower. A thoughtful limitation is better evidence of judgment than a false degree of precision.

Before sending a project, remove personal metadata and confidential inputs, check that the recipient accepts supplementary material, and ensure that the attachment is readable without external links or macros. Send a concise PDF initially if requested; offer the model when appropriate. Never circulate employer-owned models as a personal work sample.

Application control sheet

Track employer, team, requisition, eligibility checked, application date, contact, current stage, next action and source URL. Separate a submitted application from a conversation and an interview. Counts help you diagnose execution; they do not become conversion rates unless the stages and denominators are defined consistently.

If responses are weak, inspect role eligibility and relevance first. If screens occur but technical rounds do not progress, inspect your explanations and case performance. A small sample of rejections is not reliable evidence that the sector or your background is categorically closed.

04

Network around a specific piece of credit work

An outreach message should make it easy to understand who you are, why this person is relevant and what you are asking. It should not force the recipient to evaluate your entire career plan before deciding whether to reply.

Example: corporate banking analyst to direct lending

Subject: Corporate credit background / your direct-lending team

Hi [Name],

I am a corporate banking analyst working on borrower cash-flow and covenant analysis. Your team's public focus on [verified strategy] caught my attention because I am exploring roles with more involvement in debt structuring and investment decisions. I recently completed an independent case on how a customer loss changes debt capacity and would value your perspective on the analytical work junior team members own. If convenient, would you have 15 minutes for a short conversation? Thank you, [Name].

This fictional template contains placeholders that require genuine research. Replace the experience with your own. Do not imply you know the team's staffing needs, possess a referral or have already analyzed one of its confidential investments.

What to ask in the conversation

Begin with the team's work: "How does your team decide whether a concern needs more diligence or makes a transaction unsuitable?" Then ask about the junior output: "What makes a first draft of a credit memo useful to the senior reviewer?" Finish with preparation: "Given my experience in [specific work], which gap would you address first?"

Listen for differences between your assumptions and their actual process. A team may need monitoring discipline more urgently than origination exposure. Another may require a stronger operating model. Record the advice in your role card rather than treating every conversation as a request for a referral.

Follow-up with substance

After the conversation, send a short thank-you that names one useful point. If the person invited you to share work, send the relevant item with a sentence describing what you changed. "I rebuilt the minimum-cash test you suggested; the smaller loan still needs seasonal liquidity" gives a reviewer something concrete to react to.

If there is no response to the initial note, one brief follow-up after a reasonable interval can be appropriate. Use judgment around deadlines and prior context. Do not interpret silence as permission to keep messaging through multiple channels. There is no universal number of contacts that guarantees an interview.

Conversation log

RECORD	USEFUL DETAIL
Role insight	The actual work described, with uncertain points marked.

RECORD	USEFUL DETAIL
Preparation gap	A specific schedule, concept or communication habit to improve.
Permission	Whether the contact invited a follow-up, attachment or application update.
Next action	One action you control, with a date.

Keep private conversation notes private. Do not turn a contact's helpful comment into an attributed testimonial or claim of firm endorsement. The purpose is better preparation and a more informed application.

05

Explain your move without sounding rehearsed

Your answer to “why private credit?” should link the work you understand to the work you want to do. A sector growth statistic is not a personal reason. “Better hours” or “less risk than equity” is also an incomplete description of a role whose obligations and workload vary across teams.

Annotated answer: banking candidate

Fictional practice answer: “In my banking work, I have enjoyed testing how operating assumptions affect financing capacity. On one analysis, the important issue was not the headline leverage multiple but the cash tied up before the borrower collected from customers. I want to build on that work in a role where I help form the lending decision, evaluate protection in the downside and monitor whether the original assumptions hold. Your stated focus on corporate direct lending is relevant to that interest. I would bring modeling and execution experience, while continuing to develop my understanding of documentation and portfolio decisions.”

Why it works: it gives an analytical reason, recognizes the investment and monitoring responsibility, and identifies a development area. Use your own truthful example. If you have not worked on a live transaction, say that the insight came from coursework or an independent case.

Annotated answer: credit analyst

Fictional practice answer: “My current role has taught me to reconcile borrower performance to the original credit case. I want more involvement in the initial sizing and structure of a facility as well as monitoring it afterward. In a recent internal review, I owned the receivables and liquidity analysis; I did

not make the final approval decision. That work made me interested in how negotiated terms and operating evidence fit together. I am targeting teams whose junior role includes underwriting, because that is the responsibility I want to develop next.”

Follow-up to prepare: explain the exact schedule, one assumption you challenged, who reviewed it and what changed. If your original answer cannot survive those questions, reduce the claim before practicing delivery.

Why this firm?

Build the answer from the relevant strategy, the team's disclosed approach and the advertised responsibility. A large manager may operate many strategies, so do not borrow a fact from a real estate credit team to explain interest in corporate direct lending. Distinguish a public statement from an impression formed in a conversation.

A sound structure is: “Your team focuses on [verified mandate]. The role description emphasizes [specific output]. My experience in [real contribution] is relevant, and I want to develop [specific responsibility].” Add one informed question. Avoid unsupported claims about the firm's culture, performance, hiring preferences or supposed interview style.

Walk me through a credit

Use six steps: borrower and requested instrument; your actual role; underwritten earnings; cash and maturity; downside and protection; recommendation. Keep the first pass brief enough to invite questions. Have the detailed bridge ready. You should be able to say both why the business is attractive and why its proposed debt may be unsuitable.

For a practice case, begin explicitly: “This is an independent fictional underwriting exercise.” That qualification does not weaken a good analysis. It prevents the interviewer from drawing the wrong conclusion about professional experience.

Behavioral answers with credit relevance

Prepare examples of finding an error, disagreeing on an assumption, working with incomplete data and changing a recommendation. Explain what you did and how another person could verify the outcome. For disagreement, describe the competing assumptions before explaining your conclusion. A claim that you were always right makes it harder to demonstrate judgment.

Practice this correction aloud: “I used closing debt for a full-year interest calculation even though the case requires opening debt. Correcting it reduces cash generation by this amount and changes the liquidity conclusion. I have separated the timing inputs so the error is visible.” Calm correction is more persuasive than defending a number after you know it is wrong.

The lender's decision

A lender receives contractual payments and carries the risk that they will not arrive in full or on time. A business may have an attractive growth story while offering weak protection to a particular lender. Start with the borrower, the proposed instrument and the source of repayment rather than with a broad opinion about the sector.

Separate three questions. Can the borrower service cash obligations during the holding period? Can it repay or refinance the principal when due? If the operating case fails, what value and rights support recovery for this instrument? A favorable answer to one does not automatically resolve the others.

The decision map

QUESTION	EVIDENCE	COMMON MISTAKE
What supports revenue?	Contracts, retention, concentration, demand	Treating all recurring revenue as equally durable
What earnings are repeatable?	Statements and adjustment evidence	Accepting every sponsor add-back
What cash reaches debt service?	Taxes, capex, working capital, interest	Calling EBITDA cash flow
What can break first?	Connected operating and liquidity stress	Applying a uniform haircut without a cause
What protection remains?	Terms, collateral, priority, value	Assuming first lien guarantees full recovery
What decision follows?	Amount, terms, conditions and unresolved items	Presenting ratios without a recommendation

The answer may be approve, approve at a lower amount or with conditions, defer pending evidence, or decline. Do not force every case into approval. A credible decline explains which risk cannot be priced or structured acceptably with the information available.

A useful first paragraph

“I would consider a smaller facility subject to confirming customer retention and the cash cost of maintenance. The business generates cash in the base case, but the requested structure leaves little room for the combined volume and rate downside. My recommendation depends on the borrowing-base

availability and the final covenant definitions.”

This is more useful than “the company is a market leader.” It connects the business, structure and decision. It also identifies what remains unknown.

Practice prompt

A borrower has low historical defaults in its sector and a strong sponsor. What information is still missing? At minimum: borrower cash generation, debt terms, maturity, sponsor support commitments, concentration, liquidity and collateral/guarantee scope. A sponsor's reputation is not a contractual obligation to inject new equity.

07

Worked case: reported EBITDA to cash repayment

Fictional Alder Maintenance reports EBITDA of \$20 million. Management proposes \$3 million of adjustments: \$1 million for a completed facility closure, \$1 million for expected procurement savings and \$1 million for recurring recruitment costs. The proposed first-lien loan is \$80 million with a 10% annual cash interest rate and \$4 million of scheduled annual principal repayment.

For this teaching case, accept the completed closure adjustment only after assuming supporting evidence exists and there is no remaining cash cost. Reject the unimplemented savings and recurring recruitment add-back. Underwritten EBITDA is therefore \$21 million. This is an analyst convention for the case, not a conclusion about what a real loan agreement permits.

Reconcile the three earnings views

MEASURE	AMOUNT	MEANING
Reported EBITDA	\$20m	Starting figure supplied in the case
Management adjusted EBITDA	\$23m	All proposed add-backs
Underwritten EBITDA	\$21m	Only the supported closure adjustment

Debt / management adjusted EBITDA is 3.48x. Debt / underwritten EBITDA is 3.81x. Neither ratio shows whether sufficient cash remains after operating requirements.

Assume annual cash taxes of \$3 million, maintenance capex of \$4 million and a \$2 million increase in operating working capital. Cash interest is \$80 million x 10% = \$8 million. For simplicity, calculate interest on opening debt and assume principal is paid at year-end.

CASH BRIDGE	AMOUNT
Underwritten EBITDA	\$21m
Cash taxes	(\$3m)
Maintenance capex	(\$4m)
Working-capital investment	(\$2m)
Cash interest	(\$8m)
Cash before scheduled principal	\$4m
Scheduled principal	(\$4m)
Cash after scheduled principal	\$0m

The borrower can meet the modeled scheduled payments, but it generates no surplus under these assumptions. EBITDA / cash interest is 2.63x, yet cash available for debt service before interest is only \$12 million, exactly equal to interest plus scheduled principal. Different coverage definitions answer different questions. Label the numerator and denominator.

Downside prompt

Reduce EBITDA to \$18 million. Cash taxes fall to \$2 million; maintenance capex stays \$4 million; working-capital investment rises to \$3 million. Interest and scheduled principal remain unchanged. Calculate the cash shortfall and explain its significance.

Answer

Cash after scheduled principal is \$18m - \$2m - \$4m - \$3m - \$8m - \$4m = -\$3m. The company needs opening cash, available liquidity, a change in spending or a financing response. A negative annual figure does not tell you the worst intra-year cash balance; build a monthly schedule before judging liquidity sufficiency.

A defensible recommendation is to investigate the minimum operating cash balance, revolver conditions and the scope for reducing debt. Do not solve the shortfall by adding back the same recurring cost a second time or by assuming automatic sponsor support.