Investment Banker interview questions

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What to expect

Investment banking interviews are built to test whether you can handle the technical load of deal work while staying composed with clients and senior bankers watching. Expect the process to move quickly and to combine hard technical questions with behavioural ones about how you cope under sustained pressure.

- **Technical/modelling:** Questions on valuation methods, accounting concepts and how you'd approach building or checking a financial model.
- **Market awareness:** Questions testing whether you follow current deal activity, interest rate movements and ASX conditions, and can connect them to client decisions.
- **Behavioural:** Questions about managing competing deadlines, working in deal teams and handling long hours or high-pressure periods.
- **Scenario/judgement:** Hypothetical situations involving client pushback, deal risk or time pressure, testing how you'd handle it in the moment.
- **Client-facing:** Questions checking whether you can explain financial concepts clearly to a client who isn't a finance specialist.

Most processes start with a recruiter screen, followed by a technical test or short modelling exercise done under time pressure. Shortlisted candidates then face one or more panel rounds with associates and senior bankers, covering technical questions, market awareness and behavioural fit, sometimes ending with a case study presentation.

1. Walk me through how you would build a DCF valuation model for a company.

Why they ask

Financial modelling and valuation sit at the centre of the role, and interviewers want to see whether you understand the mechanics, not just the terminology.

How to structure your answer

Walk through it step by step: forecasting free cash flows, choosing a discount rate, calculating terminal value, then explain how you'd sanity-check the output against comparable transactions.

> **Example answer**
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> *"I'd start by forecasting unlevered free cash flows over a five to ten year horizon based on revenue growth, margins and capital expenditure assumptions. Then I'd calculate a weighted average cost of capital to discount those cash flows back to present value, and add a terminal value using either a perpetuity growth rate or an exit multiple. Once I had a valuation range, I'd cross-check it against comparable company multiples and recent precedent transactions in Capital IQ or Pitchbook, because a DCF on its own can drift a long way from what the market would actually pay."*

2. Tell me about a time you had to manage competing deadlines across multiple transactions.

Why they ask

Deal teams run several live mandates at once, so interviewers are checking whether you can prioritise without dropping quality.

How to structure your answer

Use STAR: describe the situation, your task, the action you took to reprioritise, and the result.

Example answer

"I was updating a valuation model for one deal while a second transaction needed due diligence documents turned around the same afternoon. I flagged the clash to my manager early rather than trying to quietly handle both, and we agreed I'd finish the diligence items first since they had a hard external deadline with the counterparty's lawyers. I finished the model that evening instead. Both deliverables went out on time, and it taught me to raise conflicts as soon as I see them rather than after they become a problem."

3. How would you respond if a client pushed back on your valuation just before signing?

Why they ask

This tests judgement under pressure and whether you can defend analytical work without damaging the client relationship.

How to structure your answer

Explain the immediate response, how you'd verify the model versus the client's concern, and how you'd communicate the outcome either way.

Example answer

"First I'd ask exactly which assumption they're disputing rather than reopening the whole model. If they're right, I'd rework that input, show them the revised output and be upfront that the original number needs adjusting. If the model holds up, I'd walk them through the specific evidence, comparable transactions, market data, sensitivity ranges, so the pushback isn't answered with reassurance but with numbers. Either way, the goal is to keep the client confident that the price reflects the facts, not just our house view."

4. What's happening in equity capital markets on the ASX at the moment, and how would that affect a client considering an IPO?

Why they ask

Clients expect bankers to have a live read on market conditions, so this checks whether you actually follow the market rather than just the theory.

How to structure your answer

Give your current market read, then reason through the specific implication for the client's decision.

Example answer

"IPO windows on the ASX open and close quickly depending on volatility and investor appetite for new listings. If conditions were choppy, I'd advise a client to hold off and consider a smaller pre-IPO placement to build a track record with institutional investors first, rather than launching into a market that might reprice the deal down on listing day. Timing the raise against the broader market cycle usually matters more to the outcome than the company's own numbers."

5. How would you explain the trade-offs between debt and equity funding to a client who isn't a finance specialist?

Why they ask

Client relationships and written or verbal communication matter as much as the modelling, since recommendations only work if the client understands and trusts them.

How to structure your answer

Describe the plain-language explanation you'd give, avoiding jargon, and how you'd check they've understood before moving to a recommendation.

Example answer

"I'd tell them debt is borrowed money you have to repay with interest regardless of how the business performs, so it's cheaper but adds risk if earnings dip. Equity means bringing in new owners who

share the upside and downside with you, so it costs more in the long run through dilution but doesn't need to be repaid on a fixed schedule. Then I'd relate it back to their specific situation, their cash flow stability and growth plans, before recommending a mix rather than presenting it as a straight either-or choice."

6. Describe a situation where you found an error in a model close to a deadline.

Why they ask

Errors in models can be costly on a live deal, so interviewers want to know you'll surface problems rather than hope they go unnoticed.

How to structure your answer

Use STAR, but emphasise the moment you noticed the error and the decision to disclose it immediately.

Example answer

"I was finalising a model the night before a pitch and noticed a formula had been dragged incorrectly, understating the client's projected EBITDA. I flagged it to the senior associate straight away instead of quietly fixing it and staying silent, because the output had already been shared informally with another team member. We corrected it, reran the sensitivity tables and I stayed back to check every linked cell in the workbook. The pitch went out on time with the right numbers, and I now build in a final line-by-line check before any model leaves my desk."