

Union Bank of Switzerland (UBS) Interview Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Which statement best describes the effect of depreciation on financial statements?**
 - A. Depreciation reduces net income on the income statement and is added back to cash flow from operations since it is non-cash**
 - B. Depreciation increases net income and cash flow from operations**
 - C. Depreciation has no effect on the income statement**
 - D. Depreciation only affects the balance sheet and not the cash flow**

- 2. From the target company's perspective, which of the following is a pro of a strategic acquirer?**
 - A. Higher certainty of closing**
 - B. Better financing terms available to the buyer**
 - C. Synergies and upside potential (including stock consideration)**
 - D. Lower regulatory risk for the acquirer**

- 3. What is the difference between regulatory capital and economic capital?**
 - A. Regulatory capital is the minimum required by regulators; economic capital is an internal estimate of capital needed for risk exposure.**
 - B. Regulatory capital is an internal estimate; economic capital is the minimum required by regulators.**
 - C. Regulatory capital equals profits; economic capital equals cash.**
 - D. Regulatory capital and economic capital are the same.**

- 4. Regarding the P/E multiple, which statement is generally true?**
 - A. The P/E multiple is not terribly useful in most cases because it's affected by different tax rates, capital structures, non-core-business activities, and more; it is often used for completeness.**
 - B. It is the most reliable valuation metric across industries.**
 - C. It is unaffected by differences in tax rates among companies.**
 - D. It is always the best starting point for valuations.**

- 5. Which statement correctly defines Enterprise Value (EV) relative to Equity Value?**
- A. $EV = \text{Equity} + \text{net debt}$**
 - B. $EV = \text{Equity} - \text{net debt}$**
 - C. $EV = \text{Cash} + \text{Equity}$**
 - D. $EV = \text{Net debt} - \text{Equity}$**
- 6. Which elements are typically included in liquidity stress testing for a client event?**
- A. Cash flow timing, funding sources, market liquidity, and potential liquidity facilities**
 - B. Revenue growth projections only**
 - C. Compliance costs only**
 - D. Currency exchange rates only**
- 7. What should be included in an effective equity investment deck for a UBS client?**
- A. Clear investment thesis, market dynamics, competitive position, financials and valuation, risks, and recommended action with rationale**
 - B. Clear investment thesis and market dynamics only**
 - C. A summary of past performance without forward-looking elements**
 - D. Marketing slogans and branding**
- 8. In the same distress sale example, how does cash on the cash flow statement change?**
- A. Cash decreases by \$88.**
 - B. Cash unchanged.**
 - C. Cash increases by \$88.**
 - D. Cash increases by \$12.**
- 9. What does UFCF stand for?**
- A. Unlevered Free Cash Flow**
 - B. Unlevered Financial Cash Flow**
 - C. Unified Free Cash Flow**
 - D. Undiscounted Free Cash Flow**

10. In the given example with Buyer holding 10 shares at \$25 and Net Income of \$10, Seller Net Income of \$10, and Purchase Equity Value of \$150, what is the Combined EPS after the deal?

- A. 1.00**
- B. 1.50**
- C. 2.00**
- D. 1.25**

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Answers

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1. A
2. C
3. A
4. A
5. A
6. A
7. A
8. C
9. A
10. D

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Explanations

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1. Which statement best describes the effect of depreciation on financial statements?
 - A. Depreciation reduces net income on the income statement and is added back to cash flow from operations since it is non-cash**
 - B. Depreciation increases net income and cash flow from operations
 - C. Depreciation has no effect on the income statement
 - D. Depreciation only affects the balance sheet and not the cash flow

Depreciation is a non-cash expense that spreads the cost of a tangible asset over its useful life. On the income statement, it reduces pretax income and thus lowers net income because you're recognizing an expense. Because no cash leaves the business when depreciation is recorded, the cash flow statement adds this non-cash expense back to net income in the operating activities section to reflect actual cash generated by operations. It also reduces the asset's book value on the balance sheet through accumulated depreciation, but that is a non-cash adjustment rather than a cash outflow. So the correct description is that depreciation lowers net income and is added back to cash flow from operations since it is non-cash.

2. From the target company's perspective, which of the following is a pro of a strategic acquirer?
 - A. Higher certainty of closing
 - B. Better financing terms available to the buyer
 - C. Synergies and upside potential (including stock consideration)**
 - D. Lower regulatory risk for the acquirer

From the target's perspective, the strongest appeal of a strategic acquirer is the potential to create value through synergies and upside from combining the two businesses. When a strategic buyer integrates with the target, there are often cost savings from shared functions, improved scale, and greater bargaining power, plus opportunities to grow revenue through cross-selling and faster access to markets or capabilities. This isn't just about paying cash now; it's about how the merged entity can perform better than the standalone companies, delivering upside that the target alone couldn't capture. Stock consideration can amplify this appeal because it lets sellers participate in the future success of the combined business rather than taking all value in cash today, and it can align incentives with the continued performance of the merged entity. In contrast, some other factors—like certainty of closing, financing terms favorable to the buyer, or lower regulatory risk for the acquirer—don't directly reflect the value creation potential for the target and are more about the deal dynamics or the buyer's risk profile.

3. What is the difference between regulatory capital and economic capital?

- A. Regulatory capital is the minimum required by regulators; economic capital is an internal estimate of capital needed for risk exposure.**
- B. Regulatory capital is an internal estimate; economic capital is the minimum required by regulators.**
- C. Regulatory capital equals profits; economic capital equals cash.**
- D. Regulatory capital and economic capital are the same.**

Regulatory capital is the amount a bank must hold to meet supervisors' requirements. It's a floor set by frameworks such as Basel III, designed to ensure the bank can absorb losses and stay solvent under stress. Economic capital, on the other hand, is the bank's own assessment of how much capital is needed to cover its risk exposures given its risk appetite and models. It's an internal target, not a regulatory mandate, and it can be higher or lower than the regulatory minimum depending on how much risk the bank is willing to take and how its risk estimates look. So the best choice captures that regulatory capital is the minimum required by regulators, while economic capital is an internal estimate of the capital needed to cover risk exposure. The other ideas mix up which is mandatory, or equate capital with profits or cash, which isn't accurate.

4. Regarding the P/E multiple, which statement is generally true?

- A. The P/E multiple is not terribly useful in most cases because it's affected by different tax rates, capital structures, non-core-business activities, and more; it is often used for completeness.**
- B. It is the most reliable valuation metric across industries.**
- C. It is unaffected by differences in tax rates among companies.**
- D. It is always the best starting point for valuations.**

The P/E multiple can be distorted by factors that don't reflect the underlying business value, so it isn't terribly useful for clean cross-company comparisons. Earnings per share come after taxes and financing decisions, so differences in tax rates and capital structure directly affect earnings—and thus the P/E ratio—even if the operating business is similar. If one company has higher leverage, higher taxes, or non-core or one-time items, its net income can be higher or lower for reasons unrelated to the core profitability of the business. Because of these distortions, the P/E is often used only as a rough checkpoint or for completeness rather than as a reliable, universal comparator across industries. Other valuation metrics may be preferred in practice because they reduce sensitivity to taxes and financing choices, and valuation typically relies on a combination of measures rather than a single starting point.

5. Which statement correctly defines Enterprise Value (EV) relative to Equity Value?

- A. EV = Equity + net debt**
- B. EV = Equity - net debt**
- C. EV = Cash + Equity**
- D. EV = Net debt - Equity**

Enterprise Value shows the total price you'd pay to acquire a business, combining what equity holders own with what lenders are owed, while accounting for cash on hand. If you define net debt as total debt minus cash, then the value to a buyer is the equity value plus that net debt. In other words, you'd need to pay the market value of the equity and also assume the company's net obligations after using any cash on hand, which is exactly Equity Value plus Net Debt. This framing captures why debt increases the takeover price (you must assume it) and why cash reduces the net cost (it can be used to offset part of the debt). Other formulations that add cash or subtract debt in different ways don't align with the idea of the buyer's overall obligation to acquire the firm, so they don't reflect the true enterprise value.

6. Which elements are typically included in liquidity stress testing for a client event?

- A. Cash flow timing, funding sources, market liquidity, and potential liquidity facilities**
- B. Revenue growth projections only**
- C. Compliance costs only**
- D. Currency exchange rates only**

Liquidity stress testing for a client event focuses on whether a firm can cover cash needs when conditions are stressed. The important elements are cash flow timing, which shows when cash is actually required and where gaps may occur; funding sources, which examine where funds can come from under stress and whether there are viable alternatives beyond normal channels; market liquidity, which assesses how easily assets can be sold or funded in stressed markets without depleting liquidity; and potential liquidity facilities, which consider access to backup arrangements such as lines of credit or other lending facilities that could be tapped during a crisis. Together, these aspects gauge the organization's ability to meet obligations under adverse conditions. Other items like revenue growth projections, compliance costs, or currency exchange rates focus on profitability, regulatory spend, or FX risk rather than the core ability to maintain liquidity during a client event, so they aren't the central components of liquidity stress testing.

7. What should be included in an effective equity investment deck for a UBS client?

- A. Clear investment thesis, market dynamics, competitive position, financials and valuation, risks, and recommended action with rationale**
- B. Clear investment thesis and market dynamics only**
- C. A summary of past performance without forward-looking elements**
- D. Marketing slogans and branding**

Presenting an equity investment deck to a client is about delivering a complete, decision-ready view of the idea. The main concept being tested is how to build a concise, evidence-based presentation that pairs a clear proposition with the data, context, and guidance a client needs to act. A well-constructed deck starts with a clear investment thesis that states why the stock or equity idea is attractive, what catalysts could drive upside, and the preferred time horizon. It then situates the idea in its market context by outlining the dynamics shaping the opportunity—growth drivers, competitive landscape, and macro or sector trends that support the thesis. Understanding the company’s position relative to peers is crucial. A strong deck shows competitive position—barriers to competition, differentiation, pricing power, or growth leverage—that suggests durability of the thesis over the forecast period. Financials and valuation provide the evidence base. This includes key historicals, forward-looking projections, margins, cash flow, capital structure, and sensitivity analyses. Valuation should connect to the thesis, showing how the investment could achieve the expected returns and under what scenarios. Any recommended action should come with a clear rationale, target price, and time frame, so the client knows what to expect and how decisions might be revisited. Including risks is essential to a balanced view. Highlight the main downside risks, potential mitigants, and how the client’s portfolio might be affected under adverse conditions. This supports transparent risk management and aligns expectations. In a UBS context, the combination of investment rationale, market and competitive context, solid financials and valuation, explicit risk disclosure, and a clearly justified recommended action is what makes the deck actionable for client discussions and ongoing portfolio management. Without the financials, forward-looking elements, explicit risks, and a recommended action, the deck would lack the necessary substance to inform a confident investment decision. A deck that focuses only on thesis and market dynamics omits the quantitative backbone and the decision guidance a UBS client needs. A summary of past performance or marketing slogans, while potentially persuasive in other settings, isn’t appropriate for a serious investment discussion.

8. In the same distress sale example, how does cash on the cash flow statement change?

- A. Cash decreases by \$88.
- B. Cash unchanged.
- C. Cash increases by \$88.**
- D. Cash increases by \$12.

The cash flow statement mirrors actual cash movements, not accounting profits. When you sell an asset in distress, you still receive cash equal to the sale price, and that inflow shows up in the investing activities section. Here, the asset sale brings in 88 dollars, so cash increases by 88. The sale may also generate a loss on the income statement (for example, if the asset's book value exceeds the sale price), but that loss is a noncash or accounting result that affects net income and gets adjusted when computing operating cash flow, while the cash received from the sale remains an 88 dollar inflow. The other options would imply cash being reduced, unchanged, or only a 12 dollar change, which doesn't reflect the actual cash received from the sale.

9. What does UFCF stand for?

- A. Unlevered Free Cash Flow**
- B. Unlevered Financial Cash Flow
- C. Unified Free Cash Flow
- D. Undiscounted Free Cash Flow

UFCF stands for Unlevered Free Cash Flow. It captures the cash a company's operations generate that is available to all providers of capital—both debt and equity—after taxes and after required reinvestment in the business, but before any financing activities like interest payments. The “unlevered” part means debt and leverage are ignored, giving a pure view of operating performance that can be valued using the firm's WACC. A typical way to estimate it is $EBIT \times (1 - \text{tax rate}) + \text{depreciation and amortization} - \text{changes in working capital} - \text{capital expenditures}$. This distinguishes it from measures that imply financing effects or nonstandard terms; the other phrasings don't reflect the conventional meaning of the cash flow available to all capital holders before financing.

10. In the given example with Buyer holding 10 shares at \$25 and Net Income of \$10, Seller Net Income of \$10, and Purchase Equity Value of \$150, what is the Combined EPS after the deal?

- A. 1.00
- B. 1.50
- C. 2.00
- D. 1.25**

This question tests how to compute pro forma EPS after an all-stock deal. After the merger, the combined net income equals the sum of both entities' earnings: $10 + 10 = 20$. If the purchase is financed with stock at the buyer's current price of 25, the issuance adds new shares equal to 150 divided by 25, which is 6 shares. The buyer starts with 10 shares, so total shares outstanding after the deal are 16. The combined EPS is then 20 divided by 16, which equals 1.25. If the deal were cash-financed, there would be no new shares, and EPS would be $20/10 = 2.00$, but with stock financing, the dilution to 1.25 is the correct result.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://gradnursebehavioralint.examzify.com>

We wish you the very best on your exam journey. You've got this!

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