

UNION BANK OF SWITZERLAND (UBS) INTERVIEW PRACTICE TEST (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

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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. In the debt-financed factory purchase scenario, what is the Net Income change in the first year after tax?**
 - A. Net income increases by \$12.
 - B. Net income decreases by \$12.
 - C. Net income decreases by \$20.
 - D. Net income increases by \$20.

- 2. In the indirect method for preparing the cash flow statement, which item is the starting point for cash flow from operations?**
 - A. Revenue.
 - B. Net Income.
 - C. Cash balance at the start.
 - D. Operating cash flow.

- 3. What is the purpose of a clawback provision in a private equity fund?**
 - A. To reclaim carried interest if distributions are insufficient for capital and preferred returns
 - B. To guarantee fixed management fees
 - C. To protect against loan defaults
 - D. To increase leverage in later investments

- 4. Which statement best aligns with a UBS client advisory case approach?**
 - A. Design a diversified, tax-efficient plan for a mid-horizon client; steps: assess goals and risk, propose asset mix, implement, monitor, and adjust.
 - B. Focus on a single high-risk asset class.
 - C. Ignore tax considerations.
 - D. Make a quick recommendation without assessment.

- 5. Describe accretion and dilution in the context of mergers and acquisitions.**
 - A. Debt adjustments determine accretion or dilution.
 - B. EPS tends to fall after merger regardless of anything.
 - C. Accretion means ROE rises post-transaction; dilution means ROE falls.
 - D. Accretion means EPS rises post-transaction; dilution means EPS falls; driven by price, financing, and expected synergies.

- 6. In the private equity example, what event occurs after the debt is paid off?**
- A. IPO
 - B. Acquisition
 - C. Dividend
 - D. Merger
- 7. Under converged revenue recognition guidance, which statement is accurate?**
- A. Revenue recognition is always driven by cash receipt
 - B. Revenue recognition timing can vary by industry due to industry-specific differences
 - C. Revenues are recognized only at the end of the contractual period
 - D. There are no industry differences in timing
- 8. Which statement best distinguishes term loans from high-yield bonds?**
- A. Term loans are unsecured and fixed-rate; HY bonds are secured and floating-rate
 - B. Term loans have no covenants; HY bonds are covenant-heavy
 - C. High-yield bonds are typically unsecured and higher-yield; term loans are secured and covenanted
 - D. Term loans are never used in LBOs
- 9. Which items are starting general assumptions for a DCF?**
- A. Share Count
 - B. WACC
 - C. Both Share Count and WACC
 - D. None of the Above
- 10. Which is not a primary factor for an ideal LBO candidate?**
- A. Price is the most important factor
 - B. Stable and predictable cash flows
 - C. Highly volatile cash flows
 - D. Realistic path to exit

Answers

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

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Explanations

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1. In the debt-financed factory purchase scenario, what is the Net Income change in the first year after tax?

- A. Net income increases by \$12.
- B. Net income decreases by \$12.**
- C. Net income decreases by \$20.
- D. Net income increases by \$20.

Debt financing creates an annual interest expense that lowers pretax income, and the tax system provides a shield on that interest. Depreciation from the new factory also reduces taxable income, generating its own tax shield. In the first year, if the project doesn't add any operating income beyond the asset's depreciation, the net income change comes from the balance of these two effects. A convenient way to think about it is that the after tax cost of the debt is the interest cost multiplied by (1 minus the tax rate), while the depreciation provides a tax shield equal to depreciation times the tax rate. When the after tax cost of the debt outweighs the depreciation tax shield, net income falls. In this scenario, those numbers align so that the after tax impact is a drop of 12 dollars in net income in the first year.

2. In the indirect method for preparing the cash flow statement, which item is the starting point for cash flow from operations?

- A. Revenue.
- B. Net Income.**
- C. Cash balance at the start.
- D. Operating cash flow.

Net income is the starting point because the indirect method begins with accrual-based net income and then adjusts it to convert to cash from operations. By adding back non-cash items (like depreciation and amortization) and adjusting for changes in working capital (such as accounts receivable, inventories, and accounts payable), you bridge from accrual net income to actual cash generated by core operations. Revenue itself isn't the starting point since it reflects when items are earned, not when cash is received. The opening cash balance belongs to the overall cash flow statement, not the operating-initial starting point. The operating cash flow figure is what results after these adjustments.

3. What is the purpose of a clawback provision in a private equity fund?

- A. To reclaim carried interest if distributions are insufficient for capital and preferred returns**
- B. To guarantee fixed management fees
- C. To protect against loan defaults
- D. To increase leverage in later investments

A clawback provision is about ensuring the pay structure in a private equity fund remains fair over the life of the investment. Carried interest is the GP's share of profits earned after the fund returns the invested capital to the limited partners and pays them a preferred return. If early realized profits lead to carrying a large slice of the upside, but later investments don't generate enough overall returns, the clawback requires the GP to return part of that carried interest so the LPs ultimately receive their full capital plus preferred return before the GP can keep all the carry. This aligns incentives across the fund's entire life, preventing the GP from front-loading compensation at the expense of LPs. It's not about guaranteeing fixed management fees, protecting against loan defaults, or increasing leverage in later investments.

4. Which statement best aligns with a UBS client advisory case approach?

- A. Design a diversified, tax-efficient plan for a mid-horizon client; steps: assess goals and risk, propose asset mix, implement, monitor, and adjust.
- B. Focus on a single high-risk asset class.
- C. Ignore tax considerations.
- D. Make a quick recommendation without assessment.

UBS client advisory centers on a disciplined, client-specific planning process that aligns goals, risk tolerance, and time horizon with tax efficiency and ongoing oversight. Designing a diversified, tax-efficient plan for a mid-horizon client—starting with assessing goals and risk, then proposing an appropriate asset mix, followed by implementation and continuous monitoring and adjustments—embodies that approach. It shows a holistic strategy rather than concentrating on a single risky asset, ignoring taxes, or making a quick recommendation without proper assessment.

5. Describe accretion and dilution in the context of mergers and acquisitions.

- A. Debt adjustments determine accretion or dilution.
- B. EPS tends to fall after merger regardless of anything.
- C. Accretion means ROE rises post-transaction; dilution means ROE falls.
- D. Accretion means EPS rises post-transaction; dilution means EPS falls; driven by price, financing, and expected synergies.

Accretion and dilution describe whether the combined company's earnings per share (EPS) go up or down after a merger or acquisition. The key idea is to compare the post-transaction EPS to the acquirer's standalone EPS. If the EPS of the merged entity is higher, the deal is accretive; if it's lower, the deal is dilutive. What drives that outcome are three main forces: the price paid for the target, how the deal is financed, and the expected synergies. The purchase price affects how many new shares may be issued or how much debt is taken on, which in turn changes the denominator (shares outstanding) and the interest expense or dilution of existing shareholders. Financing mix matters because issuing stock can dilute earnings per share, while taking on debt increases interest costs but may avoid issuing new shares. Expected synergies—cost savings and revenue enhancements—raise post-merger earnings and can push an otherwise neutral or dilutive deal toward accretion. ROE is not the standard measure here; accretion/dilution is about EPS, not return on equity. See how price, financing, and synergies shape whether the combined EPS rises or falls.

6. In the private equity example, what event occurs after the debt is paid off?

- A. IPO
- B. Acquisition
- C. Dividend
- D. Merger

The main idea is how a private equity firm exits an investment after paying down the debt used to finance the buyout. Once the debt is paid off, the equity stake has more value and the firm looks to monetize that value. A common way to do this is through an initial public offering, taking the company public so the PE sponsor can sell its shares to public investors and realize returns. The other options are less typical as exit events in this specific post-debt context: a dividend is a cash distribution during ownership and doesn't liquidate the investment, while an acquisition or merger would involve selling the company to another buyer rather than listing it on the public market.

7. Under converged revenue recognition guidance, which statement is accurate?

- A. Revenue recognition is always driven by cash receipt
- B. Revenue recognition timing can vary by industry due to industry-specific differences**
- C. Revenues are recognized only at the end of the contractual period
- D. There are no industry differences in timing

Under converged revenue recognition guidance, revenue is recognized when control of the goods or services transfers to the customer, not simply when cash is received. This means the timing depends on how and when the performance obligations are satisfied, which can vary across industries due to different business models and contract terms. For example, long-term construction may recognize revenue over time as work progresses, software-as-a-service may recognize revenue over the service period, and other industries may match revenue to milestones or performance outcomes. Because these industry-specific ways of delivering and transferring control drive different timing, the statement that timing can vary by industry is the accurate one. The other options misstate the guidance: revenue isn't driven solely by cash receipts, it isn't restricted to the end of a contractual period, and there can be industry differences in timing.

8. Which statement best distinguishes term loans from high-yield bonds?

- A. Term loans are unsecured and fixed-rate; HY bonds are secured and floating-rate
- B. Term loans have no covenants; HY bonds are covenant-heavy
- C. High-yield bonds are typically unsecured and higher-yield; term loans are secured and covenanted**
- D. Term loans are never used in LBOs

The main idea here is how secured debt, covenants, and risk/return profiles differ between term loans and high-yield bonds. Term loans are typically senior secured debt backed by collateral, and they come with a robust set of covenants that constrain the borrower's actions to protect lenders. They are often structured with floating interest rates, aligning with bank lending practices and lowering initial cost of capital for lenders who have collateral to seize if needed. High-yield bonds, by contrast, are below-investment-grade and are usually unsecured (or subordinated to secured debt), so they carry higher risk. To compensate for that risk, they deliver higher yields, and while they do have covenants, these tend to be lighter than those on term loans. So the statement that high-yield bonds are typically unsecured and higher-yield, while term loans are secured and covenanted, captures the usual contrast between these two sources of leverage. In practice, this distinction helps explain why a deal might use senior secured term loans for protection and control, with high-yield bonds serving as a later, more expensive layer of funding.

9. Which items are starting general assumptions for a DCF?

- A. Share Count
- B. WACC
- C. Both Share Count and WACC**
- D. None of the Above

In a discounted cash flow valuation, two baseline inputs shape the entire calculation: the discount rate and the size of the equity base. The discount rate is the weighted average cost of capital, or WACC, which blends the costs of debt and equity into a single rate used to bring future cash flows back to present value. This rate reflects the overall risk and capital structure of the firm and sets how aggressively you value future cash streams. The other fundamental input is the share count, which determines how total firm or equity value translates into a per-share price. After you arrive at enterprise value (or equity value) from the discounted cash flows, you adjust for debt and cash and then divide by the number of shares outstanding to obtain value per share. Without knowing how many shares exist, the value can't be presented on a per-share basis; without a discount rate, the future cash flows can't be valued at present. So both WACC and share count are essential starting assumptions for a DCF, because one sets the value of future cash flows and the other converts that value into a per-share figure.

10. Which is not a primary factor for an ideal LBO candidate?

- A. Price is the most important factor
- B. Stable and predictable cash flows
- C. Highly volatile cash flows**
- D. Realistic path to exit

In an LBO, the core driver is the ability to service debt with the company's cash flow. Stable and predictable cash flows give confidence that interest and principal payments can be met across cycles, making the leverage sustainable and the overall return profile more reliable. Highly volatile cash flows, on the other hand, introduce refinancing risk and the possibility of covenant breaches during downturns, which threatens the deal's viability. That instability is precisely why such a firm is not considered an ideal LBO candidate. Other important factors—like having a clear, realistic exit path—support value realization, and while price matters, it doesn't trump the need for predictable cash generation.

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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