UBS AG
Form 424B2
October 30, 2018

PRICING SUPPLEMENT

Dated October 26, 2018
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Registration Statement No. 333-204908
(To Prospectus dated April 29, 2016,

Index Supplement dated April 29, 2016
and Product Supplement dated May 2, 2016)

UBS AG $3,249,000 Trigger Callable Contingent Yield Notes

Linked to the least performing of the Russell 2000® Index and the S&P 500® Index due October 31, 2023

Investment Description

UBS AG Trigger Callable Contingent Yield Notes (the "Notes") are unsubordinated, unsecured debt securities issued by UBS AG ("UBS" or the "issuer") linked to the least performing of the Russell 2000® Index and the S&P 500® Index (each an "underlying index" and together the "underlying indices"). If the closing level of each underlying index is equal to or greater than its coupon barrier on the applicable coupon observation date, UBS will pay you a contingent coupon on the related coupon payment date. If the closing level of any underlying index is less than its coupon barrier, no contingent coupon will be paid for that coupon payment date. UBS may elect to call the Notes in whole, but not in part (an "issuer call"), regardless of the closing levels of the underlying indices, on any coupon observation date (quarterly, beginning after one year and other than the final valuation date). If UBS elects to call the Notes prior to maturity, UBS will pay you on the coupon payment date corresponding to such coupon observation date (the "call settlement date") a cash payment per Note equal to the principal amount plus any contingent coupon otherwise due, and no further payments will be made on the Notes. If UBS does not elect to call the Notes and a trigger event does not occur, UBS will pay you a cash payment at maturity equal to the principal amount of your Notes, in addition to any contingent coupon otherwise due. If UBS does not elect to call the Notes and a trigger event occurs, UBS will pay you less than the principal amount, if anything, at maturity, resulting in a loss on your initial investment that is proportionate to the decline in the closing level of the underlying index with the lowest underlying index return (the "least performing underlying index") from its initial level to its final level over the term of the Notes and you may lose all of your initial investment. A "trigger event" is deemed to have occurred if the closing level of any underlying index is less than its downside threshold on the "trigger observation date", which is the final valuation date. **Investing in the Notes involves significant risks. You will lose a significant portion or all of your initial investment if UBS does not elect to call the Notes and a trigger event occurs. You may not receive a significant portion or all of the contingent coupons during the term of the Notes. You will be exposed to the market risk of each underlying index on each coupon observation date and on the final valuation date and any decline in the level of one underlying index may negatively affect your return and will not be offset or mitigated by a lesser decline or any potential increase in the levels of any other underlying index. UBS may elect to call the Notes prior to maturity at its discretion (quarterly, beginning after one year) regardless of the performance of the underlying indices. Higher contingent coupon rates are generally associated with a greater risk of loss. The contingent repayment of principal applies only if you hold the Notes until the maturity date. Any payment on the Notes, including any repayment of principal, is subject to the creditworthiness of UBS. If UBS were to default on its payment obligations you may not receive any amounts owed to you under the Notes and you could lose all of your initial investment.**

Features

- **Potential for Periodic Contingent Coupons** — UBS will pay a contingent coupon on a coupon payment date if the closing level of each underlying index is equal to or greater than its coupon barrier on the applicable coupon observation date (including the final valuation date). Otherwise, if the closing level of any underlying index is less than its coupon barrier on the applicable coupon observation date, no contingent coupon will be paid for the relevant coupon payment date.
- **Issuer Callable —** UBS may elect to call the Notes (an "issuer call"), on any coupon observation date (quarterly, beginning after one year and other than the final valuation date), regardless of the closing levels of the underlying indices on such coupon observation date. If the Notes are called, on the call settlement date UBS will pay you a cash payment per Note equal to your principal amount plus any contingent coupon otherwise due, and no further payments will be made on the Notes. Before UBS elects to call the Notes on an observation date, UBS will deliver written notice to the trustee.
- **Contingent Repayment of Principal Amount at Maturity with Potential for Full Downside Market Exposure—** If, by maturity, the Notes have not been called and a trigger event has not occurred, UBS will repay you the principal amount per Note at maturity. If, however, a trigger event has occurred, UBS will pay you a cash payment per Note that is less than the principal amount, if anything, resulting in a percentage loss on your initial investment equal to the underlying index return of the least performing underlying index. The contingent repayment of principal applies only if you hold the Notes to maturity. Any payment on the Notes, including any repayment of principal, is subject to the creditworthiness of UBS.

Key Dates

Trade Date*	October 26, 2018
Settlement Date*	October 31, 2018
Coupon Observation Dates**	Quarterly (callable after one year) (see page 4)
Final Valuation Date**	October 26, 2023
Maturity Date**	October 31, 2023

* We expect to deliver the Notes against payment on or about the third business day following the trade date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days (T+2), unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes in the secondary market on any date prior to two business days before delivery of the Notes will be required, by virtue of the fact that each Note initially will settle in three business days (T+3), to specify alternative settlement arrangements to prevent a failed settlement of the secondary market trade.

** Subject to postponement in the event of a market disruption event, as described in the Trigger Callable Contingent Yield Notes product supplement.

Notice to investors: the Notes are significantly riskier than conventional debt instruments. The issuer is not necessarily obligated to repay all of your initial investment in the Notes at maturity, and the Notes may have the same downside market risk as the least performing underlying index. This market risk is in addition to the credit risk inherent in purchasing a debt obligation of UBS. You should not purchase the Notes if you do not understand or are not comfortable with the significant risks involved in investing in the Notes.

You should carefully consider the risks described under "Key Risks" beginning on page 5 and under "Risk Factors" beginning on page PS-17 of the Trigger Callable Contingent Yield Notes product supplement before purchasing any Notes. Events relating to any of those risks, or other risks and uncertainties, could adversely affect the market value of, and the return on, your Notes. You may lose a significant portion or all of your initial investment in the Notes. The Notes will not be listed or displayed on any securities exchange or any electronics communications network.

Note Offering

These terms relate to the Notes.

Underlying Index	Bloomberg Ticker	Contingent Coupon Rate	Initial Level	Downside Threshold	Coupon Barrier	CUSIP	ISIN
Russell 2000® Index	RTY	6.08% per annum	1,483.821	890.293, which is 60% of the Initial Level	890.293, which is 60% of the Initial Level	90270KUS6	US90270KUS67
S&P 500® Index	SPX		2,658.69	1,595.21, which is 60% of the Initial Level	1,595.21, which is 60% of the Initial Level		

The estimated initial value of the Notes as of the trade date is $947.80. The estimated initial value of the Notes was determined as of the close of the relevant markets on the date hereof by reference to UBS' internal pricing models, inclusive of the internal funding rate. For more information about secondary market offers and the estimated initial value of the Notes, see "Key Risks — Fair value considerations" and "Key Risks — Limited or no secondary market and secondary market price considerations" on pages 6 and 7 herein.

See "Additional Information about UBS and the Notes" on page ii. The Notes will have the terms set forth in the Trigger Callable Contingent Yield Notes product supplement relating to the Notes, dated May 2, 2016, the accompanying prospectus and this document.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these Notes or passed upon the adequacy or accuracy of this document, the Trigger Callable Contingent Yield Notes product supplement, the index supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The Notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Offering of Notes	Issue Price to Public		Underwriting Discount(1)(2)		Proceeds to UBS AG(1)(2)	
	Total	Per Note	Total	Per Note	Total	Per Note
Notes linked to the least performing of the Russell 2000® Index and the S&P 500® Index	$3,249,000.00	$1,000.00	$105,592.50	$32.50	$3,143,407.50	$967.50

(1) Our affiliate, UBS Securities LLC, will receive an underwriting discount of $32.50 per principal amount for each Note sold in this offering. UBS Securities LLC intends to re-allow the full amount of this discount to a third party dealer.

(2) Certain registered investment advisers unaffiliated from UBS may purchase Notes from such third party dealer at a purchase price of $967.50 per principal amount of the Notes, and such third party dealer, with respect to sales made to such registered investment advisers, may forgo some or all of the underwriting discount with respect to such sales.

UBS Securities LLC UBS Investment Bank

Additional Information about UBS and the Notes

UBS has filed a registration statement (including a prospectus, as supplemented by an index supplement and a product supplement for the Notes) with the Securities and Exchange Commission, or SEC, for the Notes to which this document relates. Before you invest, you should read these documents and any other documents relating to the Notes that UBS has filed with the SEC for more complete information about UBS and the Notes. You may obtain these documents for free from the SEC website at www.sec.gov. Our Central Index Key, or CIK, on the SEC website is 0001114446.

You may access these documents on the SEC website at www.sec.gov as follows:

- Trigger Callable Contingent Yield Notes Product Supplement dated May 2, 2016: http://www.sec.gov/Archives/edgar/data/1114446/000091412116001162/ub35290512-424b2.htm
- Index Supplement dated April 29, 2016: http://www.sec.gov/Archives/edgar/data/1114446/000119312516569883/d163530d424b2.htm
- Prospectus dated April 29, 2016: http://www.sec.gov/Archives/edgar/data/1114446/000119312516569341/d161008d424b3.htm

R*eferences to "UBS", "we", "our" and "us" refer only to UBS AG and not to its consolidated subsidiaries. In this document, "Trigger Callable Contingent Yield Notes" or the "Notes" refer to the Notes that are offered hereby. Also, references to the "Trigger Callable Contingent Yield Notes product supplement" mean the UBS product supplement, dated May 2, 2016, references to the "index supplement" mean the UBS index supplement, dated April 29, 2016 and references to "accompanying prospectus" mean the UBS prospectus, titled "Debt Securities and Warrants," dated April 29, 2016.*

This document, together with the documents listed above, contains the terms of the Notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including all other prior pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in "Key Risks" herein and in "Risk Factors" in the accompanying product supplement, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before deciding to invest in the Notes.

UBS reserves the right to change the terms of, or reject any offer to purchase, the Notes prior to their issuance. In the event of any changes to the terms of the Notes, UBS will notify you and you will be asked to accept such changes in connection with your purchase. You may also choose to reject such changes in which case UBS may reject your offer to purchase.

Investor Suitability

The Notes may be suitable for you if:

- You fully understand the risks inherent in an investment in the Notes, including the risk of loss of a significant portion or all of your initial investment.
- You understand and accept that an investment in the Notes is linked to the performance of the least performing underlying index and not a basket of the underlying indices, that you will be exposed to the individual market risk of each underlying index on the specified coupon observation dates and that you may lose a significant portion or all of your initial investment if the closing level of any underlying index is less than its downside threshold on the trigger observation date.
- You can tolerate a loss of a significant portion or all of your initial investment and are willing to make an investment that may have the same downside market risk as a hypothetical investment in the least performing underlying index.
- You are willing to receive no contingent coupons and believe the closing level of each underlying index will be equal to or greater than its coupon barrier on each coupon observation date and that the closing level of each underlying index will be equal to or greater than its downside threshold on the trigger observation date.
- You understand and accept that you will not participate in any appreciation in the level of any of the underlying indices and that your potential return is limited to any contingent coupons.
- You can tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside fluctuations in the levels of the underlying indices.
- You are willing to invest in the Notes based on the contingent coupon rate coupon barriers and downside thresholds indicated on the cover hereof.
- You do not seek guaranteed current income from your investment and are willing to forgo any dividends paid on any stocks constituting the underlying indices (the "underlying constituents").
- You are willing to invest in Notes that UBS may elect to call early and you are otherwise willing to hold such Notes to maturity and accept that there may be little or no secondary market for the Notes.
- You understand and are willing to accept the risks associated with the underlying indices.
- You are willing to assume the credit risk of UBS for all payments under the Notes, and understand that if UBS defaults on its obligations you may not receive any amounts due to you including any repayment of principal.
- You understand that the estimated initial value of the Notes determined by our internal pricing models is lower than the issue price and that should UBS Securities LLC or any affiliate make secondary markets for the Notes, the price (not including their customary bid-ask spreads) will temporarily exceed the internal pricing model price.

The Notes may not be suitable for you if:

- You do not fully understand the risks inherent in an investment in the Notes, including the risk of loss of a significant portion or all of your initial investment.
- You do not understand or are unwilling to accept that an investment in the Notes is linked to the performance of the least performing underlying index and not a basket of the underlying indices, that you will be exposed to the individual market risk of each underlying index on the specified coupon observation dates and that you may lose a significant portion or all of your initial investment if the closing level of any underlying index is less than its downside threshold on the trigger observation date.
- You are not willing to make an investment that may have the same downside market risk as an investment in the underlying constituents of the least performing underlying index.
- You are unwilling to receive no contingent coupons during the term of the Notes and believe that the closing level of at least one of the underlying indices will decline during the term of the Notes and is likely to be less than its coupon barrier on each coupon observation date or that the closing level of any underlying index will be less than its downside threshold on the trigger observation date.
- You seek an investment that participates in the full appreciation in the levels of the underlying indices or that has unlimited return potential.

You cannot tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside fluctuations in the levels of the underlying indices.

- You are unwilling to invest in the Notes based on the contingent coupon rate, coupon barriers or downside thresholds indicated on the cover hereof.
- You seek guaranteed current income from your investment or prefer to receive any dividends paid on any underlying constituents.
- You are unable or unwilling to hold Notes that UBS may elect to call early, or you are otherwise unable or unwilling to hold such Notes to maturity or you seek an investment for which there will be an active secondary market.
- You do not understand or are not willing to accept the risks associated with the underlying indices.
- You are not willing to assume the credit risk of UBS for all payments under the Notes, including any repayment of principal.

The suitability considerations identified above are not exhaustive. Whether or not the Notes are a suitable investment for you will depend on your individual circumstances and you should reach an investment decision only after you and your investment, legal, tax, accounting and other advisors have carefully considered the suitability of an investment in the Notes in light of your particular circumstances. You should review "Information About the Underlying Indices" herein for more information on the underlying indices. You should also review carefully the "Key Risks" herein for risks related to an investment in the Notes.

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Final Terms

Issuer	UBS AG, London Branch
Principal Amount	$1,000.00 per Note
Term	Approximately 60 months, unless called earlier.
Underlying Indices	The Russell 2000® Index and the S&P 500® Index.
Contingent Coupon & Contingent Coupon Rate	**If the closing level of each underlying index is equal to or greater than its coupon barrier on any coupon observation date (including the final valuation date),** UBS will pay you the contingent coupon applicable to such coupon observation date. **If the closing level of any underlying index is less than its coupon barrier on any coupon observation date (including the final valuation date),** the contingent coupon applicable to such coupon observation date will not accrue or be payable and UBS will not make any payment to you on the relevant coupon payment date. The contingent coupon is a fixed amount based upon equal quarterly installments at a per annum rate (the "contingent coupon rate"). The table below sets forth the contingent coupon amount that would be applicable to each coupon observation date on which the closing level of each underlying index is equal to or greater than its coupon barrier. Amounts in the table below may have been rounded for ease of analysis.

Contingent Coupon Rate	6.08%
Contingent Coupon	$15.20

Contingent coupons on the Notes are not guaranteed. UBS will not pay you the contingent coupon for any coupon observation date on which the closing level of any underlying index is less than its coupon barrier.

Trigger Event	A trigger event is deemed to have occurred if the closing level of any underlying index is less than its downside threshold on the trigger observation date. *In this case, you will be exposed to the underlying index return of the least performing underlying index.*
Trigger Observation Date(s)[(1)]	October 26, 2023, which is the final valuation date.

Issuer Call Feature	UBS may elect to call the Notes in whole, but not in part, on any coupon observation date (quarterly, beginning after one year and other than the final valuation date), regardless of the closing levels of the underlying indices on such coupon observation date. If UBS elects to call the Notes, UBS will pay you on the coupon payment date corresponding to such coupon observation date (the "call settlement date") a cash payment per Note equal to the principal amount plus any contingent coupon otherwise due (the "call settlement amount"), and no further payments will be made on the Notes. Before UBS elects to call the Notes on a coupon observation date, UBS will deliver written notice to the trustee.
Payment at Maturity (per Note)	**If UBS does not elect to call the Notes and a trigger event does not occur,** UBS will pay you a cash payment equal to: Principal Amount of $1,000 **If UBS does not call the Notes and a trigger event occurs,** UBS will pay you a cash payment that is less than the principal amount, if anything, equal to: $1,000 x (1 + Underlying Index Return of the Least Performing Underlying Index) **In such a case, you will suffer a percentage loss on your initial investment equal to the underlying index return of the least performing underlying index, regardless of the underlying index return of any other underlying index.**
Underlying Index Return	With respect to each underlying index, the quotient, expressed as a percentage, of the following formula: $\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$
Least Performing Underlying Index	The underlying index with the lowest underlying index return as compared to any other underlying index.
Downside Threshold[(2)]	A specified level of each underlying index that is less than its respective initial level, equal to a percentage of the initial level, as specified on the cover hereof.
Coupon Barrier[(2)]	A specified level of each underlying index that is less than its respective initial level, equal to a percentage of the initial level, as specified on the cover hereof.
Initial Level[(2)]	The closing level of each underlying index on the trade date, as specified on the cover hereof.
Final Level[(2)]	The closing level of each underlying index on the final valuation date.

(1) Subject to the market disruption event provisions set forth in the Trigger Callable Contingent Yield Notes product supplement.

(2) As determined by the calculation agent and as may be adjusted as described under "General Terms of the Notes — Discontinuance of or Adjustment to an Underlying Index; Alteration of Method of Calculation", as described in the Trigger Callable Contingent Yield Notes product supplement.

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Investment Timeline

Trade Date

The initial level of each underlying index is observed, and the terms of the Notes are set.

Quarterly (callable after one year)

If the closing level of each underlying index is equal to or greater than its coupon barrier on any coupon observation date (including the final valuation date), UBS will pay you the contingent coupon applicable to such coupon observation date.

If the closing level of any underlying index is less than its coupon barrier on any coupon observation date (including the final valuation date), the contingent coupon applicable to such coupon observation date will not accrue or be payable and UBS will not make any payment to you on the relevant coupon payment date.

UBS may elect to call the Notes in whole, but not in part, on any coupon observation date (quarterly, beginning after one year and other than the final valuation date), regardless of the closing levels of the underlying indices on such coupon observation date.

If UBS elects to call the Notes, UBS will pay you on the call settlement date a cash payment per Note equal to the principal amount plus any contingent coupon otherwise due, and no further payments will be made on the Notes. Before UBS elects to call the Notes, UBS will deliver written notice to the trustee by the applicable coupon observation date. If UBS does not elect to call the Notes, investors will have the potential for downside market risk at maturity.

Maturity Date

The final level of each underlying index is observed on the final valuation date (which is also the trigger observation date) and the underlying return of each underlying index is calculated.

If UBS does not elect to call the Notes and a trigger event does not occur, UBS will pay you a cash payment equal to:

Principal Amount of $1,000

If UBS does not call the Notes and a trigger event occurs, UBS will pay you a cash payment that is less than the principal amount, if anything, equal to:

$1,000 x (1 + Underlying Index Return of the Least Performing Underlying Index)

In such a case, you will suffer a percentage loss on your initial investment equal to the underlying index return of the least performing underlying index, regardless of the underlying index return of any other underlying index.

Investing in the Notes involves significant risks. You may lose a significant portion or all of your initial investment. Any payment on the Notes, including any repayment of principal, is subject to the creditworthiness of UBS. If UBS were to default on its payment obligations, you may not receive any amounts owed to you under the Notes and you could lose all of your initial investment.

You will lose a significant portion or all of your initial investment if UBS does not elect to call the Notes and a trigger event occurs. You may not receive a significant portion or all of the contingent coupons during the term of the Notes. You will be exposed to the market risk of each underlying index on each coupon observation date

and on the final valuation date and any decline in the level of one underlying index may negatively affect your return and will not be offset or mitigated by a lesser decline or any potential increase in the level of any other underlying index. UBS may elect to call the Notes at its discretion (quarterly, beginning after one year and other than the final valuation date) regardless of the performance of the underlying indices. If UBS does not elect to call the Notes and a trigger event occurs, you will lose a significant portion or all of your initial investment at maturity.

Coupon Observation Dates[1] and Coupon Payment Dates[1][2]

Coupon Observation Dates	**Coupon Payment Dates/Call Settlement Dates (if called)**	**Coupon Observation Dates**	**Coupon Payment Dates/Call Settlement Dates (if called)**	**Coupon Observation Dates**	**Coupon Payment Dates/Call Settlement Dates (if called)**
January 28, 2019*	January 31, 2019*	October 26, 2020	October 29, 2020	July 26, 2022	July 29, 2022
April 26, 2019*	May 1, 2019*	January 26, 2021	January 29, 2021	October 26, 2022	October 31, 2022
July 26, 2019*	July 31, 2019*	April 26, 2021	April 29, 2021	January 26, 2023	January 31, 2023
October 28, 2019*	October 31, 2019	July 26, 2021	July 29, 2021	April 26, 2023	May 1, 2023
January 27, 2020	January 30, 2020	October 26, 2021	October 29, 2021	July 26, 2023	July 31, 2023
April 27, 2020	April 30, 2020	January 26, 2022	January 31, 2022	Final Valuation Date	Maturity Date
July 27, 2020	July 30, 2020	April 26, 2022	April 29, 2022		

* The Notes are not callable until the first potential call settlement date, which is October 31, 2019.

(1) Subject to the market disruption event provisions set forth in the Trigger Callable Contingent Yield Notes product supplement.

(2) Three business days following each coupon observation date, except that the coupon payment date for the final valuation date is the maturity date.

Key Risks

An investment in the Notes involves significant risks. Investing in the Notes is not equivalent to investing in the underlying indices. Some of the key risks that apply to the Notes are summarized below, but we urge you to read the more detailed explanation of risks relating to the Notes in the "Risk Factors" section of the Trigger Callable Contingent Yield Notes product supplement. We also urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes.

- **Risk of loss at maturity —** The Notes differ from ordinary debt securities in that UBS will not necessarily repay the principal amount of the Notes at maturity. If UBS does not elect to call the Notes, UBS will repay you the principal amount of your Notes in cash only if a trigger event does not occur and will only make such payment at maturity. If UBS does not elect to call the Notes and a trigger event occurs, you will lose a percentage of your principal amount equal to the underlying index return of the least performing underlying index and in extreme situations, you could lose all of your initial investment.
- **The stated payout from the issuer applies only if you hold your Notes to maturity —** You should be willing to hold your Notes to maturity. If you are able to sell your Notes prior to maturity in the secondary market, you may have to sell them at a loss relative to your initial investment even if the level of each underlying index at such time is equal to or greater than its downside threshold.
- **You may not receive any contingent coupons with respect to your Notes** — UBS will not necessarily make periodic coupon payments on the Notes. If the closing level of any underlying index is less than its respective coupon barrier on a coupon observation date, UBS will not pay you the contingent coupon applicable to such coupon observation date. This will be the case even if the closing levels of the other underlying indices are equal to or greater than their respective coupon barriers on that coupon observation date. If the closing level of any underlying index is less than its coupon barrier on each coupon observation date, UBS will not pay you any contingent coupons during the term of, and you will not receive a positive return on, your Notes. Generally, this non-payment of the contingent coupons coincides with a period of greater risk of principal loss on your Notes.
- **Your potential return on the Notes is limited to any contingent coupons, you will not participate in any appreciation of any underlying index and you will not have the same rights as holders of any underlying constituents** — The return potential of the Notes is limited to the pre-specified contingent coupon rate, regardless of the appreciation of the underlying indices. In addition, your return on the Notes will vary based on the number of coupon observation dates, if any, on which the requirements of the contingent coupon have been met prior to maturity or an issuer call. Because UBS may elect to call the Notes as early as the first potential call settlement date, the total return on the Notes could be less than if the Notes remained outstanding until maturity. Further, if UBS elects to call the Notes, you will not receive any contingent coupons or any other payment in respect of any coupon payment date after the call settlement date, and your return on the Notes could be less than if the Notes remained outstanding until maturity. If UBS does not elect to call the Notes, you may be subject to the decline of the least performing underlying index even though you cannot participate in any appreciation in the level of any underlying index. As a result, the return on an investment in the Notes could be less than the return on a direct investment in any or all of the underlying constituents. In addition, as an owner of the Notes, you will not have voting rights or any other rights of a holder of any underlying constituents.
- **A higher contingent coupon rate or lower downside thresholds or coupon barriers may reflect greater expected volatility of each of the underlying indices, and greater expected volatility generally indicates an increased risk of loss at maturity** — The economic terms for the Notes, including the contingent coupon rate, coupon barriers and downside thresholds, are based, in part, on the expected volatility of each underlying index at the time the terms of the Notes are set. "Volatility" refers to the frequency and magnitude of changes in the level of each underlying index. The greater the expected volatility of each of the underlying indices as of the trade date, the greater the expectation is as of that date that the closing level of an underlying index could be less than its coupon barrier on the coupon observation dates and that the final level of an underlying index could be less than its respective downside threshold on the trigger observation date and, as a consequence, indicates an increased risk of not receiving

a contingent coupon and an increased risk of loss, respectively. All things being equal, this greater expected volatility will generally be reflected in a higher contingent coupon rate than the yield payable on our conventional debt securities with a similar maturity or on otherwise comparable securities, and/or lower downside thresholds and/or coupon barriers than those terms on otherwise comparable securities. Therefore, a relatively higher contingent coupon rate may indicate an increased risk of loss. Further, relatively lower downside thresholds and/or coupon barriers may not necessarily indicate that the Notes have a greater likelihood of a return of principal at maturity and/or paying contingent coupons. You should be willing to accept the downside market risk of the least performing underlying index and the potential to lose a significant portion or all of your initial investment.

UBS may elect to call the Notes and the Notes are subject to reinvestment risk — UBS may elect to call the Notes at its discretion (quarterly, beginning after one year) prior to the maturity date. If UBS elects to call your Notes early, you will no longer have the opportunity to receive any contingent coupons after the applicable call settlement date. The first call settlement date occurs after approximately one year and therefore you may not have the opportunity to receive any contingent coupons after approximately one year. In the event UBS elects to call the Notes, there is no guarantee that you would be able to reinvest the proceeds at a comparable return and/or with a comparable contingent coupon rate for a similar level of risk. Further, UBS' right to call the Notes may also adversely impact your ability to sell your Notes in the secondary market.

It is more likely that UBS will elect to call the Notes prior to maturity when the expected contingent coupons payable on the Notes are greater than the interest that would be payable on other instruments issued by UBS of comparable maturity, terms and credit rating trading in the market. The greater likelihood of UBS calling the Notes in that environment increases the risk that you will not be able to reinvest the proceeds from the called Notes in an equivalent investment with a similar contingent coupon rate. To the extent you are able to reinvest such proceeds in an investment comparable to the Notes, you may incur transaction costs such as dealer discounts and hedging costs built into the price of the new notes. UBS is less likely to call the Notes prior to maturity when the expected contingent coupons payable on the Notes are less than the interest that would be payable on other comparable instruments issued by UBS, which includes when the level of any of the underlying indices is less than its coupon barrier. Therefore, the Notes are more likely to remain outstanding when the expected amount payable on the Notes is less than what would be payable on other comparable instruments and when your risk of not receiving a contingent coupon is relatively higher.

An investment in Notes with contingent coupon and issuer call features may be more sensitive to interest rate risk than an investment in securities without such features — Because of the issuer call and contingent coupon features of the Notes, you will bear greater exposure to fluctuations in interest rates than if you purchased securities without such features. In particular, you may be negatively affected if prevailing interest rates begin to rise, and the contingent coupon rate on the Notes may be less than the amount of interest you could earn on other investments with a similar level of risk available at such time. In addition, if you tried to sell your Notes at such time, the value of your Notes in any secondary market transaction would also be adversely affected. Conversely, in the event that prevailing interest rates are low relative to the contingent coupon rate and UBS elects to call the Notes, there is no guarantee that you will be able to reinvest the proceeds from an investment in the Notes at a comparable rate of return for a similar level of risk.

You are exposed to the market risk of each underlying index — Your return on the Notes is not linked to a basket consisting of the underlying indices. Rather, it will be contingent upon the performance of each underlying index. Unlike an instrument with a return linked to a basket of indices, in which risk is mitigated and diversified among all of the components of the basket, you will be exposed equally to the risks related to each underlying index. Poor performance by any one of the underlying indices over the term of the Notes will negatively affect your return and will not be offset or mitigated by a positive performance by any other underlying index. For instance, you may receive a negative return equal to the underlying index return of the least performing underlying index if the closing level of one underlying index is less than its downside threshold on the trigger observation date, even if the underlying index return of another underlying index is positive or has not declined as much. Accordingly, your investment is subject to the market risk of each underlying index.

Because the Notes are linked to the least performing underlying index, you are exposed to a greater risk of no contingent coupons and losing a significant portion or all of your initial investment at maturity than if the Notes were linked to a single underlying index or fewer underlying indices — The risk that you will not receive any contingent coupons and lose a significant portion or all of your initial investment in the Notes is greater if you invest in the Notes than the risk of investing in substantially similar securities that are linked to the performance of only one underlying index or fewer underlying indices. With more underlying indices, it is more likely that the closing level or final level of an underlying index will be less than its coupon barrier or downside threshold on any coupon observation date or the final valuation date (which is also the trigger observation date), respectively, than if the Notes were linked to a single underlying index or fewer underlying indices.

In addition, the lower the correlation is between a pair of underlying indices, the greater the likelihood that one underlying index will decline to a closing level or final level that is less than its coupon barrier or downside threshold, as applicable. Although the correlation of the underlying indices' performance may change over the term of the Notes, the economic terms of the Notes, including the contingent coupon rate, downside thresholds and coupon barriers are determined, in part, based on the correlation of the underlying indices' performance calculated using our internal models at the time when the terms of the Notes are finalized. All things being equal, a higher contingent coupon rate and lower downside thresholds and coupon barriers are generally associated with lower correlation of the underlying indices. Therefore, if the performance of a pair of underlying indices is not correlated to each other or is negatively correlated, the risk that you will not receive any contingent coupons or a trigger event will occur is even greater despite a lower downside threshold and coupon barrier. With three underlying indices, it is more likely that the performance of one pair of underlying indices will not be correlated, or will be negatively correlated. Therefore, it is more likely that you will not receive any contingent coupons and that you will lose a significant portion or all of your initial investment at maturity.

Any payment on the Notes is subject to the creditworthiness of UBS — The Notes are unsubordinated unsecured debt obligations of UBS and are not, either directly or indirectly, an obligation of any third party. Any payment to be made on the Notes, including any repayment of principal, depends on the ability of UBS to satisfy its obligations as they come due. As a result, UBS' actual and perceived creditworthiness may affect the market value of the Notes. If

UBS were to default on its obligations, you may not receive any amounts owed to you under the terms of the Notes and you could lose all of your initial investment.

¨ **Market risk —** The return on the Notes, which may be negative, is directly linked to the performance of the underlying indices and indirectly linked to the performance of the underlying constituents. The levels of the underlying indices can rise or fall sharply due to factors specific to each underlying index or its underlying constituents, such as stock or commodity price volatility, earnings, financial conditions, corporate, industry and regulatory developments, management changes and decisions and other events, as well as general market factors, such as general stock market or commodity market levels, interest rates and economic and political conditions.

¨ **Fair value considerations.**

¨ **The issue price you pay for the Notes exceeds their estimated initial value —** The issue price you pay for the Notes exceeds their estimated initial value as of the trade date due to the inclusion in the issue price of the underwriting discount, hedging costs, issuance costs and projected profits. As of the close of the relevant markets on the trade date, we have determined the estimated initial value of the Notes by reference to our internal pricing models and the estimated initial value of the Notes is set forth in this pricing supplement. The pricing models used to determine the estimated initial value of the Notes incorporate certain variables, including the levels of the underlying indices, the volatility of the underlying indices, the correlation among the underlying indices, any dividends paid on the underlying constituents, prevailing interest rates, the term of the Notes and our internal funding rate. Our internal funding rate is typically lower than the rate we would pay to issue conventional fixed or floating rate debt securities of a similar term. The underwriting discount, hedging costs, issuance costs, projected profits and the difference in rates will reduce the economic value of the Notes to you. Due to these factors, the estimated initial value of the Notes as of the trade date is less than the issue price you pay for the Notes.

¨ **The estimated initial value is a theoretical price; the actual price that you may be able to sell your Notes in any secondary market (if any) at any time after the trade date may differ from the estimated initial value** — The value of your Notes at any time will vary based on many factors, including the factors described above and in "—Market risk" above and is impossible to predict. Furthermore, the pricing models that we use are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, after the trade date, if you attempt to sell the Notes in the secondary market, the actual value you would receive may differ, perhaps materially, from the estimated initial value of the Notes determined by reference to our internal pricing models. The estimated initial value of the Notes does not represent a minimum or maximum price at which we or any of our affiliates would be willing to purchase your Notes in any secondary market at any time.

¨ **Our actual profits may be greater or less than the differential between the estimated initial value and the issue price of the Notes as of the trade date** — We may determine the economic terms of the Notes, as well as hedge our obligations, at least in part, prior to the trade date. In addition, there may be ongoing costs to us to maintain and/or adjust any hedges and such hedges are often imperfect. Therefore, our actual profits (or potentially, losses) in issuing the Notes cannot be determined as of the trade date

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and any such differential between the estimated initial value and the issue price of the Notes as of the trade date does not reflect our actual profits. Ultimately, our actual profits will be known only at the maturity of the Notes.

¨ **Limited or no secondary market and secondary market price considerations.**

There may be little or no secondary market for the Notes — The Notes will not be listed or displayed on any securities exchange or any electronic communications network. UBS Securities LLC and its affiliates intend, but are not required, to make a market for the Notes and may stop making a market at any time. If you are able to sell your Notes prior to maturity you may have to sell them at a substantial loss. Furthermore, there can be no assurance that a secondary market for the Notes will develop. The estimated initial value of the Notes does not represent a minimum or maximum price at which we or any of our affiliates would be willing to purchase your Notes in any secondary market at any time.

The price at which UBS Securities LLC and its affiliates may offer to buy the Notes in the secondary market (if any) may be greater than UBS' valuation of the Notes at that time, greater than any other secondary market prices provided by unaffiliated dealers (if any) and, depending on your broker, greater than the valuation provided on your customer account statements — For a limited period of time following the issuance of the Notes, UBS Securities LLC or its affiliates may offer to buy or sell such Notes at a price that exceeds (i) our valuation of the Notes at that time based on our internal pricing models, (ii) any secondary market prices provided by unaffiliated dealers (if any) and (iii) depending on your broker, the valuation provided on customer account statements. The price that UBS Securities LLC may initially offer to buy such Notes following issuance will exceed the valuations indicated by our internal pricing models due to the inclusion for a limited period of time of the aggregate value of the underwriting discount, hedging costs, issuance costs and theoretical projected trading profit. The portion of such amounts included in our price will decline to zero on a straight line basis over a period ending no later than the date specified under "Supplemental Plan of Distribution (Conflicts of Interest); Secondary Markets (if any)." Thereafter, if UBS Securities LLC or an affiliate makes secondary markets in the Notes, it will do so at prices that reflect our estimated value determined by reference to our internal pricing models at that time. The temporary positive differential relative to our internal pricing models arises from requests from and arrangements made by UBS Securities LLC with the selling agents of structured debt securities such as the Notes. As described above, UBS Securities LLC and its affiliates intend, but are not required, to make a market for the Notes and may stop making a market at any time. The price at which UBS Securities LLC or an affiliate may make secondary markets at any time (if at all) will also reflect its then current bid-ask spread for similar sized trades of structured debt securities. UBS Securities LLC reflects this temporary positive differential on their customer statements. Investors should inquire as to the valuation provided on customer account statements provided by unaffiliated dealers.

Economic and market factors affecting the terms and market price of Notes prior to maturity — Because structured notes, including the Notes, can be thought of as having a debt component and a derivative component, factors that influence the values of debt instruments and options and other derivatives will also affect the terms and features of the Notes at issuance and the market price of the Notes prior to maturity. These factors include the levels of each underlying index and the underlying constituents; the volatility of each underlying index and the underlying constituents; the correlation among the underlying indices, any dividends paid on the underlying constituents; the time remaining to the maturity of the Notes; interest rates in the markets; geopolitical conditions and economic, financial, political, force majeure and regulatory or judicial events; the creditworthiness of UBS; the then current bid-ask spread for the Notes and the factors discussed under "— Potential conflict of interest" below. These and other factors are unpredictable and interrelated and may offset or magnify each other.

Impact of fees and the use of internal funding rates rather than secondary market credit spreads on secondary market prices — All other things being equal, the use of the internal funding rates described above under "—Fair value considerations" as well as the inclusion in the issue price of the underwriting discount, hedging costs, issuance costs and any projected profits are, subject to the temporary mitigating effect of UBS Securities LLC's and its affiliates' market making premium, expected to reduce the price at which you may be able to sell the Notes in any secondary market.

The Notes are subject to small-capitalization stock risks — The Notes are subject to risks associated with small-capitalization companies because the Russell 2000® Index is comprised of underlying constituents that may be considered small-capitalization companies. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies and therefore the underlying index may be more volatile than an index in which a greater percentage of the underlying constituents are issued by large-capitalization companies. Stock prices of small-capitalization companies are also more vulnerable than those of large-capitalization companies to adverse business and economic developments, and the stocks of small-capitalization companies may be thinly traded. In addition, small-capitalization companies are typically less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of personnel. Small-capitalization companies are often given less analyst coverage and may be in early, and less predictable, periods of their corporate existences. Such companies tend to have smaller revenues, less diverse product lines, smaller shares of their product or service markets, fewer financial resources and less competitive strengths than large-capitalization companies and are more susceptible to adverse developments related to their products.

- **There can be no assurance that the investment view implicit in the Notes will be successful —** It is impossible to predict whether and the extent to which the levels of the underlying indices will rise or fall. There can be no assurance that the closing level of each underlying index will be equal to or greater than its coupon barrier on each coupon observation date, or, if UBS does not elect to call the Notes, that a trigger event will not occur. The levels of the underlying indices will be influenced by complex and interrelated political, economic, financial and other factors that affect the issuers of each underlying constituent (each an "underlying constituent issuer"). You should be willing to accept the risks associated with the relevant markets tracked by each such underlying index in general and each index's underlying constituents in particular, and the risk of losing a significant portion or all of your initial investment.

- **The underlying indices reflect price return, not total return —** The return on your Notes is based on the performance of the underlying indices, which reflect the changes in the market prices of the underlying constituents. It is not, however, linked to a “total return” index or strategy, which, in addition to reflecting those price returns, would also reflect any dividends paid on the underlying constituents. The return on your Notes will not include such a total return feature or dividend component.

- **Changes that affect an underlying index will affect the market value of your Notes** — The policies of each index sponsor as specified under “Information About the Underlying Indices” (together, the "index sponsors"), concerning additions, deletions and substitutions of the underlying constituents and the manner in which the index sponsor takes account of certain changes affecting those underlying constituents may adversely affect the levels of the underlying indices. The policies of the index sponsors with respect to the calculation of the underlying indices could also adversely affect the levels of the underlying indices. The index sponsors may discontinue or suspend calculation or dissemination of the underlying indices. Any such actions could have an adverse effect on the value of the Notes.

¨ **UBS cannot control actions by the index sponsors and the index sponsors have no obligation to consider your interests —** UBS and its affiliates are not affiliated with the index sponsors and have no ability to control or predict their actions, including any errors in or discontinuation of public disclosure regarding methods or policies relating to the calculation of the underlying indices. The index sponsors are not involved in the Notes offering in any way and has no obligation to consider your interest as an owner of the Notes in taking any actions that might affect the market value of your Notes.

¨ **Potential UBS impact on price —** Trading or transactions by UBS or its affiliates in an underlying index or any underlying constituent, as applicable, listed and/or over-the-counter options, futures, exchange-traded funds or other instruments with returns linked to the performance of the underlying index or any underlying constituent, may adversely affect the levels of the underlying indices and, therefore, the market value of the Notes. Further, UBS is less likely to call the Notes when the closing level of any underlying index is trading less than its coupon barrier, and, therefore, any hedging activities that adversely affect the level of such index may also diminish the probability of UBS calling the Notes.

¨ **Potential conflict of interest** — UBS and its affiliates may engage in business with the underlying constituent issuers or trading activities related to one or more underlying index or any underlying constituents, which may present a conflict between the interests of UBS and you, as a holder of the Notes. Moreover, UBS may elect to call the Notes pursuant to the issuer call feature. If UBS so elects, the decision may be based on factors contrary to those favorable to a holder of the Notes, such as, but not limited to, those described above under "— UBS may elect to call the Notes and the Notes are subject to reinvestment risk" and "— An investment in Notes with contingent coupon and issuer call features may be more sensitive to interest rate risk than an investment in securities without such features". There are also potential conflicts of interest between you and the calculation agent, which will be an affiliate of UBS. The calculation agent will determine whether the contingent coupon is payable to you on any coupon payment date and the payment at maturity of the Notes, if any, based on observed closing levels of the underlying indices. The calculation agent can postpone the determination of the initial level, closing level or final level of any underlying index (and therefore the related coupon payment date or maturity date, as applicable) if a market disruption event occurs and is continuing on the trade date, any coupon observation date, any trigger observation date or final valuation date, respectively. As UBS determines the economic terms of the Notes, including the contingent coupon rate, downside thresholds and coupon barriers, and such terms include the underwriting discount, hedging costs, issuance costs and projected profits, the Notes represent a package of economic terms. There are other potential conflicts of interest insofar as an investor could potentially get better economic terms if that investor entered into exchange-traded and/or OTC derivatives or other instruments with third parties, assuming that such instruments were available and the investor had the ability to assemble and enter into such instruments.

Additionally, UBS and its affiliates act in various capacities with respect to the Notes, including as a principal, agent or dealer in connection with the sale of the Notes. Such affiliates, and any other third-party dealers, will derive compensation from the distribution of the Notes and such compensation may serve as an incentive to sell these Notes instead of other investments. Furthermore, given that UBS Securities LLC and its affiliates temporarily maintain a market making premium, it may have the effect of discouraging UBS Securities LLC and its affiliates from recommending sale of your Notes in the secondary market.

¨ **Potentially inconsistent research, opinions or recommendations by UBS —** UBS and its affiliates publish research from time to time on financial markets and other matters that may influence the value of the Notes, or express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any research, opinions or recommendations expressed by UBS or its affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the Notes and the underlying indices to which the Notes are linked.

¨ **The Notes are not bank deposits** — An investment in the Notes carries risks which are very different from the risk profile of a bank deposit placed with UBS or its affiliates. The Notes have different yield and/or return, liquidity and risk profiles and would not benefit from any protection provided to deposits.

If UBS experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings in respect of, and/or impose protective measures in relation to, UBS, which proceedings or measures may have a material adverse effect on the terms and market value of the Notes and/or the ability of UBS to make payments thereunder — The Swiss Financial Market Supervisory Authority ("FINMA") has broad statutory powers to take measures and actions in relation to UBS if (i) it concludes that there is justified concern that UBS is over-indebted or has serious liquidity problems or (ii) UBS fails to fulfil the applicable capital adequacy requirements (whether on a standalone or consolidated basis) after expiry of a deadline set by FINMA. If one of these pre-requisites is met, FINMA is authorized to open restructuring proceedings or liquidation (bankruptcy) proceedings in respect of, and/or impose protective measures in relation to, UBS. The Swiss Banking Act grants significant discretion to FINMA in connection with the aforementioned proceedings and measures. In particular, a broad variety of protective measures may be imposed by FINMA, including a bank moratorium or a maturity postponement, which measures may be ordered by FINMA either on a stand-alone basis or in connection with restructuring or liquidation proceedings. The resolution regime of the Swiss Banking Act is further detailed in the FINMA Banking Insolvency Ordinance ("BIO-FINMA"). In a restructuring proceeding, FINMA, as resolution authority, is competent to approve the resolution plan. The resolution plan may, among other things, provide for (a) the transfer of all or a portion of UBS' assets, debts, other liabilities and contracts (which may or may not include the contractual relationship between UBS and the holders of Notes) to another entity, (b) a stay (for a maximum of two business days) on the termination of contracts to which UBS is a party, and/or the exercise of (w) rights to terminate, (x) netting rights, (y) rights to enforce or dispose of collateral or (z) rights to transfer claims, liabilities or collateral under contracts to which UBS is a party, (c) the conversion of UBS' debt and/or other obligations, including its obligations under the Notes, into equity (a "debt-to-equity" swap), and/or (d) the partial or full write-off of obligations owed by UBS (a "write-off"), including its obligations under the Notes. The BIO-FINMA provides that a debt-to-equity swap and/or a write-off of debt and other obligations (including the Notes) may only take place after (i) all debt instruments issued by UBS qualifying as additional tier 1 capital or tier 2 capital have been converted into equity or written-off, as applicable, and (ii) the existing equity of UBS has been fully cancelled. While the BIO-FINMA does not expressly address the order in which a write-off of debt instruments other than debt instruments qualifying as additional tier 1 capital or tier 2 capital should occur, it states that debt-to-equity swaps should occur in the following order: first, all subordinated claims not qualifying as regulatory capital; second, all other claims not excluded by law from a debt-to-equity swap (other than deposits); and third, deposits (in excess of the amount privileged by law). However, given the broad discretion granted to FINMA as the resolution authority, any restructuring plan in respect of UBS could provide that the claims under or in connection with the Notes will be partially or fully converted into equity or written-off, while preserving other obligations of UBS that rank pari passu with, or even junior to, UBS' obligations under the Notes. Consequently, holders of Notes may lose all of some of their investment in the Notes. In the case of restructuring proceedings with respect to a systemically important Swiss bank (such as UBS), the creditors whose claims are affected by the restructuring plan will not have a right to vote on, reject, or seek the suspension of the restructuring plan. In addition, if a restructuring plan has been approved by FINMA, the rights of a creditor to seek judicial review of the restructuring plan (e.g., on the grounds that the plan would unduly prejudice the rights of holders of Notes or otherwise be in violation of the Swiss Banking Act) are very limited. In particular, a court may not suspend the implementation of the restructuring plan. Furthermore, even if a creditor successfully challenges the restructuring plan, the court can only require the relevant creditor to be compensated ex post and there is currently no guidance as to on what basis such compensation would be calculated or how it would be funded.

- **Uncertain tax treatment —** Significant aspects of the tax treatment of the Notes are uncertain. You should consult your tax advisor about your tax situation.

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Hypothetical Examples of How the Notes Might Perform

The below examples are based on hypothetical terms. The actual terms are indicated on the cover hereof.

The examples below illustrate the payment upon a call or at maturity for a $1,000.00 Note on a hypothetical offering of the Notes, with the following assumptions (amounts may have been rounded for ease of reference):

Principal Amount:	$1,000.00
Term:	Approximately 60 months
Contingent Coupon Rate:	5.80% per annum (or 1.45% per quarter)
Contingent Coupon:	$14.50 per quarter
Coupon Observation Dates:	Quarterly (callable after one year)
Trigger Observation Date:	Final Valuation Date
Initial Level:	
Underlying Index A:	1,500
Underlying Index B:	3,000
Coupon Barrier:	
Underlying Index A:	900 (which is equal to 60% of the Initial Level)
Underlying Index B:	1,800 (which is equal to 60% of the Initial Level)
Downside Threshold:	
Underlying Index A:	900 (which is equal to 60% of the Initial Level)
Underlying Index B:	1,800 (which is equal to 60% of the Initial Level)

Example 1 — On the fourth Coupon Observation Date (the Coupon Observation Date corresponding to the first potential Call Settlement Date), UBS calls the Notes.

Date	Closing Level	Payment (per Note)
First Coupon Observation Date	Underlying Index A: 1,100 (**equal to or greater than** Coupon Barrier) Underlying Index B: 2,500 (**equal to or greater than** Coupon Barrier)	$14.50 (Contingent Coupon – Not Callable)
Second Coupon Observation Date	Underlying Index A: 1,220 (**equal to or greater than** Coupon Barrier) Underlying Index B: 2,600 (**equal to or greater than** Coupon Barrier)	$14.50 (Contingent Coupon – Not Callable)
Third Coupon Observation Date	Underlying Index A: 1,230 (**equal to or greater than** Coupon Barrier) Underlying Index B: 2,610 (**equal to or greater than** Coupon Barrier)	$14.50 (Contingent Coupon – Not Callable)
Fourth Coupon Observation Date	Underlying Index A: 1,210 (**equal to or greater than** Coupon Barrier) Underlying Index B: 2,590 (**equal to or greater than** Coupon Barrier)	$1,014.50 (Call Settlement Amount)
	Total Payment:	$1,058.00 (5.80% total return)

Because UBS elects to call the Notes after the fourth coupon observation date, UBS will pay on the call settlement date a total of $1,014.50 per Note (reflecting your principal amount plus the applicable contingent coupon). When added to the contingent coupons of $43.50 received in respect of the prior coupon observation dates, you will have received a total of $1,058.00, a 5.80% total return on the Notes. You will not receive any further payments on the Notes.

Example 2 — On the fifth Coupon Observation Date (the Coupon Observation Date corresponding to the second potential Call Settlement Date), UBS calls the Notes.

Date	Closing Level	Payment (per Note)
First through Fourth Coupon Observation Date	Underlying Index A: Various (**equal to or greater than** Coupon Barrier) Underlying Index B: Various (**equal to or greater than** Coupon Barrier)	$58.00 (Contingent Coupons)
Fifth Coupon Observation Date	Underlying Index A: 1,150 (**equal to or greater than** Coupon Barrier) Underlying Index B: 2,700 (**equal to or greater than** Coupon Barrier)	$1,014.50 (Call Settlement Amount)
	Total Payment:	$1,072.50 (7.25% total return)

Because UBS elects to call the Notes after the fifth coupon observation date, UBS will pay on the call settlement date a total of $1,014.50 per Note (reflecting your principal amount plus the applicable contingent coupon). When added to the contingent coupon of $58.00 received in respect of the prior coupon observation dates, you will have received a total of $1,072.50, a 7.25% total return on the Notes. You will not receive any further payments on the Notes.

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Example 3 — UBS does NOT call the Notes and a Trigger Event does not occur.

Date	Closing Level	Payment (per Note)
First Coupon Observation Date	Underlying Index A: 1,070 (**equal to or greater than** Coupon Barrier) Underlying Index B: 2,900 (**equal to or greater than** Coupon Barrier)	$14.50 (Contingent Coupon – Not Callable)
Second through Nineteenth Coupon Observation Dates	Underlying Index A: Various (all **equal to or greater than** Coupon Barrier) Underlying Index B: Various (all **less than** Coupon Barrier)	$0.00
Final Valuation Date	Underlying Index A: 1,200 (**equal to or greater than** Coupon Barrier and Downside Threshold) Underlying Index B: 2,900 (**equal to or greater than** Coupon Barrier and Downside Threshold)	$1,014.50 (Payment at Maturity)
	Total Payment:	$1,029.00 (2.90% total return)

Because UBS does not elect to call the Notes and the final level of each underlying index is equal to or greater than its downside threshold, a trigger event has not occurred. At maturity, UBS will pay a total of $1,014.50 per Note (reflecting your principal amount plus the applicable contingent coupon). When added to the contingent coupon of $14.50 received in respect of the prior coupon observation dates, UBS will have paid a total of $1,029.00, a 2.90% total return on the Notes.

Example 4 — UBS does NOT call the Notes and a Trigger Event occurs.

Date	Closing Level	Payment (per Note)
First Coupon Observation Date	Underlying Index A: 1,080 (**equal to or greater than** Coupon Barrier) Underlying Index B: 2,700 (**equal to or greater than** Coupon Barrier)	$14.50 (Contingent Coupon – Not Callable)
Second through Nineteenth Coupon Observation Dates	Underlying Index A: Various (all **equal to or greater than** Coupon Barrier) Underlying Index B: Various (all **less than** Coupon Barrier)	$0.00
Final Valuation Date	Underlying Index A: 600 (**less than** Coupon Barrier and Downside Threshold) Underlying Index B: 2,900 (**equal to or greater than** Coupon Barrier and Downside Threshold)	$1,000.00 × [1 + Underlying Index Return of the Least Performing Underlying Index] = $1,000.00 × [1 + (-60%)] = $1,000.00 × 40%= $400.00 (Payment at Maturity)
	Total Payment:	$414.50 (58.55% loss)

Because UBS does not elect to call the Notes and the final level of underlying index A is less than its downside threshold, a trigger event occurs. Therefore, at maturity, you will be exposed to the negative return of the least performing underlying index and UBS will pay you $400.00 per Note. When added to the contingent coupon of $14.50 received in respect of the prior coupon observation dates, UBS will have paid you $414.50 per Note for a loss on the Notes of 58.55%.

We make no representation or warranty as to which of the underlying indices will be the least performing underlying index for the purposes of calculating your actual payment at maturity.

Investing in the Notes involves significant risks. The Notes differ from ordinary debt securities in that UBS is not necessarily obligated to repay the full amount of your initial investment. If the UBS does not elect to call the Notes, you may lose a significant portion or all of your investment. Specifically, if UBS does not elect to call the Notes and a trigger event occurs, you will lose a percentage of your principal amount equal to the underlying index return of the least performing underlying index, and in extreme situations, you could lose all of your initial investment.

You will be exposed to the market risk of each underlying index on each coupon observation dates and on the final valuation date and any decline in the level of one underlying index may negatively affect your return and will not be offset or mitigated by a lesser decline or any potential increase in the level of any other underlying index. UBS may elect to call the Notes at its discretion (quarterly, beginning after one year and other than the final valuation date) regardless of the performance of the underlying indices. Any payment on the Notes, including any repayment of principal, is subject to the creditworthiness of UBS. If UBS were to default on its payment obligations, you may not receive any amounts owed to you under the Notes and you could lose all of your initial investment.

Information About the Underlying Indices

All disclosures contained in this document regarding each underlying index for the Notes are derived from publicly available information. UBS has not conducted any independent review or due diligence of any publicly available information with respect to any underlying index. You should make your own investigation into each underlying index.

Included on the following pages is a brief description of each underlying index. This information has been obtained from publicly available sources. Set forth below is a table that provides the quarterly closing high and quarterly closing low for each underlying index. The information given below is for the specified calendar quarters. We obtained the closing level information set forth below from Bloomberg Professional® Service ("Bloomberg") without independent verification. You should not take the historical prices of the underlying index as an indication of future performance.

Russell 2000® Index

We have derived all information regarding the Russell 2000® Index ("RTY") contained in this document, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. Such information reflects the policies of, and is subject to change by the Frank Russell Company (the "index sponsor" or "FTSE Russell").

RTY is published by FTSE Russell, but FTSE Russell has no obligation to continue to publish RTY, and may discontinue publication of RTY at any time.

As discussed more fully in the index supplement under the heading "Underlying Indices and Underlying Asset Publishers – Russell 2000 Index," RTY measures the composite price performance of the smallest 2,000 companies included in the Russell 3000 Index. The Russell 3000 Index is composed of the 3,000 largest United States companies by market capitalization and represents approximately 98% of the market capitalization of the United States equity market. RTY value is calculated by adding the market values of the index's component stocks and then dividing the derived total market capitalization by the "adjusted" capitalization of RTY on the base date of December 31, 1986.

Information from outside sources is not incorporated by reference in, and should not be considered part of, this document or any accompanying prospectus. UBS has not conducted any independent review or due diligence of any publicly available information with respect to RTY.

Historical Information

The following table sets forth the quarterly closing high and quarterly closing low for RTY, based on the daily closing levels as reported by Bloomberg, without independent verification. UBS has not conducted any independent review or due diligence of publicly available information obtained from Bloomberg. The closing level of RTY on October 26, 2018 was 1,483.821. ***Past performance of RTY is not indicative of the future performance of RTY.***

Quarter Begin	Quarter End	Quarterly Closing High	Quarterly Closing Low	Quarterly Close
1/1/2014	3/31/2014	1,208.651	1,093.594	1,173.038
4/1/2014	6/30/2014	1,192.964	1,095.986	1,192.964
7/1/2014	9/30/2014	1,208.150	1,101.676	1,101.676
10/1/2014	12/31/2014	1,219.109	1,049.303	1,204.696

1/1/2015	3/31/2015	1,266.373	1,154.709	1,252.772
4/1/2015	6/30/2015	1,295.799	1,215.417	1,253.947
7/1/2015	9/30/2015	1,273.328	1,083.907	1,100.688
10/1/2015	12/31/2015	1,204.159	1,097.552	1,135.889
1/1/2016	3/31/2016	1,114.028	953.715	1,114.028
4/1/2016	6/30/2016	1,188.954	1,089.646	1,151.923
7/1/2016	9/30/2016	1,263.438	1,139.453	1,251.646
10/1/2016	12/31/2016	1,388.073	1,156.885	1,357.130
1/1/2017	3/31/2017	1,413.635	1,345.598	1,385.920
4/1/2017	6/30/2017	1,425.985	1,345.244	1,415.359
7/1/2017	9/30/2017	1,490.861	1,356.905	1,490.861
10/1/2017	12/31/2017	1,548.926	1,464.095	1,535.511
1/1/2018	3/31/2018	1,610.706	1,463.793	1,529.427
4/1/2018	6/30/2018	1,706.985	1,492.531	1,643.069
7/1/2018	9/30/2018	1,740.753	1,653.132	1,696.571
10/1/2018	10/26/2018*	1,672.992	1,468.698	1,483.821

* The above table only includes data through this date. Accordingly, the “Quarterly Closing High”, “Quarterly Closing Low” and “Quarterly Close” data indicated are for this shortened period only and do not reflect complete data for this calendar quarter.

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The graph below illustrates the performance of RTY from January 1, 2008 through October 26, 2018, based on information from Bloomberg. The dotted line represents its downside threshold and its coupon barrier of 890.293, which is equal to 60% of its initial level. ***Past performance of RTY is not indicative of the future performance of RTY.***

S&P 500® Index

We have derived all information regarding the S&P 500® Index ("SPX") contained in this document, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. Such information reflects the policies of, and is subject to change by S&P Dow Jones Indices LLC (its "index sponsor" or "S&P Dow Jones").

SPX is published by S&P Dow Jones, but S&P Dow Jones has no obligation to continue to publish SPX, and may discontinue publication of SPX at any time. SPX is determined, comprised and calculated by S&P Dow Jones without regard to the Notes.

As discussed more fully in the index supplement under the heading "Underlying Indices and Underlying Index Publishers — S&P 500® Index", SPX is intended to provide an indication of the pattern of common stock price movement. The calculation of the value of SPX is based on the relative value of the aggregate market value of the common stock of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. Eleven main groups of companies comprise SPX, with the percentage weight of each group in the index as a whole as of September 28, 2018 as follows: Information Technology (21.0%), Health Care (15.0%), Financials (13.3%), Consumer Discretionary (10.3%), Communication Services (10.0%), Industrials (9.7%), Consumer Staples (6.7%), Energy (6.0%), Utilities (2.8%), Real Estate (2.7%) and Materials (2.4%). As of September 28, 2018, the underlier sponsor broadened the current Telecommunication Services Sector and renamed it Communication Services. The renamed Sector includes the existing telecommunication companies, as well as companies selected from the Consumer Discretionary Sector previously classified under the Media Industry Group and the Internet & Direct Marketing Retail Sub-Industry, along with select companies previously classified in the Information Technology Sector. Effective March 10, 2017, company additions to the underlying asset should have an unadjusted company market capitalization of $6.1 billion or more (an increase from the previous requirement of an unadjusted company market capitalization of $5.3 billion or more).

Information from outside sources is not incorporated by reference in, and should not be considered part of, this document or any document incorporated herein by reference. UBS has not conducted any independent review or due diligence of any publicly available information with respect to SPX.

Historical Information

The following table sets forth the quarterly closing high and quarterly closing low for SPX, based on the daily closing levels as reported by Bloomberg, without independent verification. UBS has not conducted any independent review or due diligence of publicly available information obtained from Bloomberg. The closing level of SPX on October 26, 2018, was 2,658.69. ***Past performance of SPX is not indicative of the future performance of SPX.***

Quarter Begin	Quarter End	Quarterly Closing High	Quarterly Closing Low	Quarterly Close
1/1/2014	3/31/2014	1,878.04	1,741.89	1,872.34
4/1/2014	6/30/2014	1,962.87	1,815.69	1,960.23
7/1/2014	9/30/2014	2,011.36	1,909.57	1,972.29
10/1/2014	12/31/2014	2,090.57	1,862.49	2,058.90
1/1/2015	3/31/2015	2,117.39	1,992.67	2,067.89
4/1/2015	6/30/2015	2,130.82	2,057.64	2,063.11
7/1/2015	9/30/2015	2,128.28	1,867.61	1,920.03
10/1/2015	12/31/2015	2,109.79	1,923.82	2,043.94
1/1/2016	3/31/2016	2,063.95	1,829.08	2,059.74

4/1/2016	6/30/2016	2,119.12	2,000.54	2,098.86
7/1/2016	9/30/2016	2,190.15	2,088.55	2,168.27
10/1/2016	12/31/2016	2,271.72	2,085.18	2,238.83
1/1/2017	3/31/2017	2,395.96	2,257.83	2,362.72
4/1/2017	6/30/2017	2,453.46	2,328.95	2,423.41
7/1/2017	9/30/2017	2,519.36	2,409.75	2,519.36
10/1/2017	12/31/2017	2,690.16	2,529.12	2,673.61
1/1/2018	3/31/2018	2,872.87	2,581.00	2,640.87
4/1/2018	6/30/2018	2,786.85	2,581.88	2,718.37
7/1/2018	9/30/2018	2,930.75	2,713.22	2,915.56
10/1/2018	10/26/2018*	2.925.51	2.656.10	2,658.69

* The above table only includes data through this date. Accordingly, the “Quarterly Closing High”, “Quarterly Closing Low” and “Quarterly Close” data indicated are for this shortened period only and do not reflect complete data for this calendar quarter.

The graph below illustrates the performance of SPX from January 1, 2008 through October 26, 2018, based on information from Bloomberg. The dotted line represents its downside threshold and its coupon barrier of 1,595.21, which is equal to 60% of its initial level. ***Past performance of SPX is not indicative of the future performance of SPX.***

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Correlation of the Underlying Indices

The graph below illustrates the daily performance of the Russell 2000® Index and the S&P 500® Index from January 1, 2008 through October 26, 2018. For comparison purposes, each underlying index has been normalized to have a closing level of 100.00 on January 1, 2008 by dividing the closing level of that underlying index on each trading day by the closing level of that underlying index on January 1, 2008 and multiplying by 100.00. We obtained the closing levels used to determine the normalized closing levels set forth below from Bloomberg, without independent verification.

The closer the relationship of the daily returns of the underlying indices over a given period, the more positively correlated those underlying indices are. The lower (or more negative) the correlation among the underlying indices, the less likely it is that those underlying indices will move in the same direction and therefore, the greater the potential for the closing level or final level of one of those underlying indices to be less than its coupon barrier or downside threshold on a coupon observation date or the trigger observation date, respectively. This is because the less positively correlated the underlying indices are, the greater the likelihood that at least one of the underlying indices will decrease in value. However, even if the underlying indices have a higher positive correlation, the closing level or final level of one or more of the underlying indices might be less than its coupon barrier or downside threshold on a coupon observation date or the trigger observation date, respectively, as the underlying indices may decrease in value together. Although the correlation of the underlying indices' performance may change over the term of the Notes, the correlations referenced in setting the terms of the Notes are calculated using UBS' internal models at the time when the terms of the Notes are set and are not derived from the daily returns of the underlying indices over the period set forth below. A higher contingent coupon rate is generally associated with lower correlation of the underlying indices, which reflects a greater potential for missed contingent coupons and for a loss on your investment at maturity. See "Key Risks — A higher contingent coupon rate or lower downside thresholds or coupon barriers may reflect greater expected volatility of each of the underlying indices, and greater expected volatility generally indicates an increased risk of loss at maturity", "— You are exposed to the market risk of each underlying index" and "— Because the Notes are linked to the least performing underlying index, you are exposed to a greater risk of no contingent coupons and losing a significant portion or all of your initial investment at maturity than if the Notes were linked to fewer underlying indices" herein.

Past performance of the underlying indices is not indicative of the future performance of the underlying indices.

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What Are the Tax Consequences of the Notes?

The U.S. federal income tax consequences of your investment in the Notes are uncertain. There are no statutory provisions, regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of securities with terms that are substantially the same as the Notes. Some of these tax consequences are summarized below, but we urge you to read the more detailed discussion in "Supplemental U.S. Tax Considerations" of the Trigger Callable Contingent Yield Notes product supplement and to discuss the tax consequences of your particular situation with your tax advisor. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed U.S. Treasury Department (the "Treasury") regulations, rulings and decisions, in each case, as available and in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. Tax consequences under state, local and non-U.S. laws are not addressed herein. No ruling from the U.S. Internal Revenue Service (the "IRS") has been sought as to the U.S. federal income tax consequences of your investment in the Notes, and the following discussion is not binding on the IRS.

U.S. Tax Treatment. Pursuant to the terms of the Notes, UBS and you agree, in the absence of a statutory or regulatory change or an administrative determination or judicial ruling to the contrary, to characterize the Notes as pre-paid derivative contracts with respect to the underlying indices. If your Notes are so treated, any contingent coupon that is paid by UBS (including on the maturity date or call settlement date) should be included in your income as ordinary income in accordance with your regular method of accounting for U.S. federal income tax purposes.

In addition, excluding amounts attributable to any contingent coupon, you should generally recognize capital gain or loss upon the taxable disposition of your Notes in an amount equal to the difference between the amount you receive at such time (other than amounts or proceeds attributable to a contingent coupon or any amount attributable to any accrued but unpaid contingent coupon) and the amount you paid for your Notes. Such gain or loss should generally be long-term capital gain or loss if you have held your Notes for more than one year (otherwise such gain or loss would be short-term capital gain or loss if held for one year or less). The deductibility of capital losses is subject to limitations. Although uncertain, it is possible that proceeds received from the taxable disposition of your Notes prior to a coupon payment date, but that could be attributed to an expected contingent coupon, could be treated as ordinary income. You should consult your tax advisor regarding this risk.

Based on certain factual representations received from us, our counsel, Cadwalader, Wickersham & Taft, is of the opinion that it would be reasonable to treat your Notes in the manner described above. However, because there is no authority that specifically addresses the tax treatment of the Notes, it is possible that your Notes could alternatively be treated for tax purposes as a single contingent payment debt instrument, or pursuant to some other characterization, such that the timing and character of your income from the Notes could differ materially and adversely from the treatment described above, as described further under "Supplemental U.S. Tax Considerations - Alternative Treatments" in the Trigger Callable Contingent Yield Notes product supplement.

Notice 2008-2. In 2007, the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments, which might include the Notes. Notice 2008-2 focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments and the relevance of factors such as the nature of the underlying property to which the instruments are linked. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Notes, possibly with retroactive effect. You should consult your tax advisor regarding the U.S. federal income tax consequences of an investment in the Notes, including possible alternative treatments and the issues presented by this notice. Non-U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences of investing in the Notes, including the possible application of 30% U.S. withholding tax in respect to the contingent coupons.

Medicare Tax on Net Investment Income. U.S. holders that are individuals, estates, and certain trusts are subject to an additional 3.8% tax on all or a portion of their "net investment income," which may include any income or gain realized with respect to the Notes, to the extent of their net investment income that when added to their other modified adjusted gross income, exceeds $200,000 for an unmarried individual, $250,000 for a married taxpayer filing a joint return (or a surviving spouse), or $125,000 for a married individual filing a separate return. The 3.8% Medicare tax is determined in a different manner than the income tax. You should consult your tax advisor as to the consequences of the 3.8% Medicare tax on your Notes.

Specified Foreign Financial Assets. Certain U.S. holders that own "specified foreign financial assets" in excess of an applicable threshold may be subject to reporting obligations with respect to such assets with their tax returns, especially if such assets are held outside the custody of a U.S. financial institution. You are urged to consult your tax advisor as to the application of this legislation to your ownership of the Notes.

Non-U.S. Holders. The U.S. federal income tax treatment of the contingent coupons is unclear. Subject to Section 871(m) of the Code and FATCA, as discussed below, our counsel is of the opinion that contingent coupons paid to a non-U.S. holder that provides us (and/or the applicable withholding agent) with a fully completed and validly executed applicable IRS Form W-8 should not be subject to U.S. withholding tax and we do not intend to withhold any tax on contingent coupons. However, it is possible that the IRS could assert that such payments are subject to U.S. withholding tax, or that another withholding agent may otherwise determine that withholding is required, in which case the other withholding agent may withhold up to 30% on such payments (subject to reduction or elimination of such withholding tax pursuant to an applicable income tax treaty). We will not pay any additional amounts in respect of such withholding. Subject to Section 897 of the Code and Section 871(m) of the Code, discussed below, gain from the taxable disposition of a Note generally should not be subject to U.S. tax unless (i) such gain is effectively connected with a trade or business conducted by the non-U.S. holder in the U.S., (ii) the non-U.S. holder is a non-resident alien individual and is present in the U.S. for 183 days or more during the taxable year of such taxable disposition and certain other conditions are satisfied or (iii) the non-U.S. holder has certain other present or former connections with the U.S.

Section 897. We will not attempt to ascertain whether any underlying constituent issuer would be treated as a "United States real property holding corporation" ("USRPHC") within the meaning of Section 897 of the Code. We also have not attempted to determine whether the Notes should be treated as "United States real property interests" ("USRPI") as defined in Section 897 of the Code. If any such entity and the Notes were so treated, certain adverse U.S. federal income tax consequences could possibly apply, including subjecting any gain to a non-U.S. holder in respect of a Note upon a taxable disposition of the Note to the U.S. federal income tax on a net basis, and the proceeds from such a taxable disposition to a 15% withholding tax. You should consult your tax advisor regarding the potential treatment of any such entity as a USRPHC and the Notes as USRPI.

Section 871(m). A 30% withholding tax (which may be reduced by an applicable income tax treaty) is imposed under Section 871(m) of the Code on certain "dividend equivalents" paid or deemed paid to a non-U.S. holder with respect to a "specified equity-linked instrument" that references one or more dividend-paying U.S. equity securities or indices containing U.S. equity securities. The withholding tax can apply even if the instrument does not provide for payments that reference dividends. Treasury regulations provide that the withholding tax applies to all dividend equivalents paid or deemed paid on specified equity-linked instruments that have a delta of one (“delta one specified equity-linked instruments”) issued after 2016 and to all dividend equivalents paid or deemed paid on all other specified equity-linked instruments issued after 2018.

Based on our determination that the Notes are not “delta-one” with respect to any underlying index or any U.S. underlying constituent, our counsel is of the opinion that the Notes should not be delta one specified equity-linked instruments and thus should not be subject to withholding on dividend equivalents. Our determination is not binding on the IRS, and the IRS may disagree with this determination. Furthermore, the application of Section 871(m) of the Code will depend on our determinations made upon issuance of the Notes. If withholding is required, we will not make payments of any additional amounts.

Nevertheless, after issuance, it is possible that your Notes could be deemed to be reissued for tax purposes upon the occurrence of certain events affecting the underlying indices, underlying constituents or your Notes, and following such occurrence your Notes could be treated as delta one specified equity-linked instruments that are subject to withholding on dividend equivalents. It is also possible that withholding tax or other tax under Section 871(m) of the Code could apply to the Notes under these rules if you enter, or have entered, into certain other transactions in respect of the underlying indices, underlying constituents or the Notes. If you enter, or have entered, into other transactions in respect of the underlying indices, the underlying constituents or the Notes, you should consult your tax advisor regarding the application of Section 871(m) of the Code to your Notes in the context of your other transactions.

Because of the uncertainty regarding the application of the 30% withholding tax on dividend equivalents to the Notes, you are urged to consult your tax advisor regarding the potential application of Section 871(m) of the Code and the 30% withholding tax to an investment in the Notes.

Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act (“FATCA”) was enacted on March 18, 2010, and imposes a 30% U.S. withholding tax on “withholdable payments” (i.e., certain U.S.-source payments, including interest (and original issue discount), dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S.-source interest or dividends) and “passthru payments” (i.e., certain payments attributable to withholdable payments) made to certain foreign financial institutions (and certain of their affiliates) unless the payee foreign financial institution agrees (or is required), among other things, to disclose the identity of any U.S. individual with an account of the institution (or the relevant affiliate) and to annually report certain information about such account. FATCA also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or do not certify that they do not have any substantial U.S. owners) to withhold tax at a rate of 30%. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes.

Pursuant to final and temporary Treasury regulations and other IRS guidance, the withholding and reporting requirements under FATCA will generally apply to certain “withholdable payments” made on or after July 1, 2014, certain gross proceeds on a sale or disposition occurring after December 31, 2018, and certain foreign passthru payments made after December 31, 2018 (or, if later, the date that final regulations defining the term “foreign passthru payment” are published). If withholding is required, we (and/or the applicable paying agent) will not be required to pay additional amounts with respect to the amounts so withheld. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

Investors should consult their tax advisor about the application of FATCA, in particular if they may be classified as financial institutions (or if they hold their Notes through a non-U.S. entity) under the FATCA rules.

Proposed Legislation. In 2007, legislation was introduced in Congress that, if it had been enacted, would have required holders of Notes purchased after the bill was enacted to accrue interest income over the term of the Notes despite the fact that there may be no interest payments over the term of the Notes.

Furthermore, in 2013, the House Ways and Means Committee released in draft form certain proposed legislation relating to financial instruments. If it had been enacted, the effect of this legislation generally would have been to require instruments such as the Notes to be marked to market on an annual basis with all gains and losses to be treated as ordinary, subject to certain exceptions.

It is not possible to predict whether any similar or identical bills will be enacted in the future, or whether any such bill would affect the tax treatment of your Notes. You are urged to consult your tax advisor regarding the possible changes in law and their possible impact on the tax treatment of your Notes.

Both U.S. and non-U.S. holders are urged to consult their tax advisors concerning the application of U.S. federal income tax laws to their particular situations, as well as any tax consequences of the purchase, beneficial ownership and disposition of the Notes arising under the laws of any state, local, non-U.S. or other taxing jurisdiction.

Supplemental Plan of Distribution (Conflicts of Interest); Secondary Markets (if any)

We have agreed to sell to UBS Securities LLC, and UBS Securities LLC has agreed to purchase, all of the Notes at the issue price to the public less the underwriting discount indicated on the cover hereof. UBS Securities LLC has agreed to resell the Notes to Incapital LLC at a discount from the issue price to public equal to the underwriting discount indicated on the cover hereof. Certain unaffiliated registered investment advisers may purchase Notes from Incapital LLC at a purchase price of $967.50 per principal amount of the Notes, and Incapital LLC, with respect to sales made to such unaffiliated registered investment advisers, may forgo some or all of the underwriting discount with respect to such sales.

Conflicts of Interest — UBS Securities LLC is an affiliate of UBS and, as such, has a "conflict of interest" in this offering within the meaning of Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 5121. In addition, UBS will receive the net proceeds (excluding the underwriting discount) from the initial public offering of the Notes, thus creating an additional conflict of interest within the meaning of FINRA Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of FINRA Rule 5121. UBS Securities LLC is not permitted to sell Notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

UBS Securities LLC and its affiliates may offer to buy or sell the Notes in the secondary market (if any) at prices greater than UBS' internal valuation — The value of the Notes at any time will vary based on many factors that cannot be predicted. However, the price (not including UBS Securities LLC's or any affiliate's customary bid-ask spreads) at which UBS Securities LLC or any affiliate would offer to buy or sell the Notes immediately after the trade date in the secondary market is expected to exceed the estimated initial value of the Notes as determined by reference to our internal pricing models. The amount of the excess will decline to zero on a straight line basis over a period ending no later than 6 months after the trade date, provided that UBS Securities LLC may shorten the period based on various factors, including the magnitude of purchases and other negotiated provisions with selling agents. Notwithstanding the foregoing, UBS Securities LLC and its affiliates intend, but are not required to make a market for the Notes and may stop making a market at any time. For more information about secondary market offers and the estimated initial value of the Notes, see "Key Risks — Fair value considerations" and "— Limited or no secondary market and secondary market price considerations" of this document.

Prohibition of Sales to EEA Retail Investors — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation"), for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Validity of the Notes

In the opinion of Cadwalader, Wickersham & Taft LLP, as special counsel to the issuer, when the Notes offered by this pricing supplement have been executed and issued by the issuer and authenticated by the trustee pursuant to the indenture and delivered, paid for and sold as contemplated herein, the Notes will be valid and binding obligations of the issuer, enforceable against the issuer in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, receivership or other laws relating to or affecting creditors' rights generally, and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). This opinion is given as of the date hereof and is limited to the laws of the State of New York. Insofar as this opinion involves matters governed by Swiss law, Cadwalader, Wickersham & Taft LLP has assumed, without independent inquiry or investigation, the validity of the matters opined on by Homburger AG, Swiss legal counsel for the issuer, in its opinion dated June 20, 2017 filed with the Securities and Exchange Commission as an exhibit to a Current Report on Form 6-K on June 20, 2017. In addition, this opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the indenture and, with respect to the Notes, authentication of the Notes and the genuineness of signatures and certain factual matters, all as stated in the opinion of Cadwalader, Wickersham & Taft LLP dated June 15, 2015 filed with the Securities and Exchange Commission as an exhibit to a Current Report on Form 6-K on June 15, 2015.

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ESOP Compensation Earned

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27

29

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56

Company Stock Purchased

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(756
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(756
)

Dividends Declared

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(156
)

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(156
)

BALANCE – September 30, 2014

$
34

$
32,940

$
(1,532
)

$
(599
)

$
28,255

$
(16,454
)

$
14

$
42,658

BALANCE – June 30, 2015

$
25

$
33,375

$
(1,445
)

$
(333
)

$
11,664

$
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$
100

$
43,386

Net Income

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941

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941

Changes in Unrealized Gain
on Securities Available-for-
Sale, Net of Tax Effects

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(50
)

(50
)

RRP Shares Earned

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55

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55

Stock Options Vested

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44

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44

Common Stock Issuance for Stock
Option Exercises

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50

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50

ESOP Compensation Earned

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33

28

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61

Company Stock Purchased

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(299
)

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(299
)

Dividends Declared

25

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(169
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(169
)

BALANCE – September 30, 2015

$
25

$
33,502

$
(1,417
)

$
(278
)

$
12,137

$
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$
50

$
44,019

See accompanying notes to unaudited consolidated financial statements.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended September 30, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$941	$823
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities		
Bad Debt Recovery	33	--
Net Amortization and Accretion on Securities	6	3
Gain on Sale of Loans	(725)	(472)
Amortization of Deferred Loan Fees	(20)	(76)
Depreciation of Premises and Equipment	98	84
ESOP Expense	61	56
Stock Option Expense	44	44
Recognition and Retention Plan Expense	59	57
Deferred Income Tax	(39)	29
Provision for Loan Losses	65	40
Increase in Cash Surrender Value on Bank Owned Life Insurance	(40)	(41)
Changes in Assets and Liabilities:		
Loans Held-for-Sale – Originations and Purchases	(27,007)	(23,062)
Loans Held-for-Sale – Sale and Principal Repayments	30,986	21,874
Accrued Interest Receivable	(22)	(21)
Other Operating Assets	73	(40)
Other Operating Liabilities	532	435
Net Cash Provided by (Used In) Operating Activities	5,045	(267)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Originations and Purchases, Net of Principal Collections	(635)	(8,714)
Deferred Loan Fees Collected	1	4
Acquisition of Premises and Equipment	(1,284)	(1,624)
Activity in Available-for-Sale Securities:		
Principal Payments on Mortgage-Backed Securities	3,255	2,540
Purchases of Securities	--	(9,843)
Activity in Held-to-Maturity Securities:		
Redemption Proceeds	509	128
Purchases of Securities	(2)	(762)
Net Cash Provided by (Used in) Investing Activities	1,844	(18,271)

See accompanying notes to unaudited consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	Three Months Ended September 30,	
	2015	2014
	(In Thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Deposits	$7,037	$(20,284)
Proceeds from Federal Home Loan Bank Advances	44,000	349,750
Repayments of Advances from Federal Home Loan Bank	(56,060)	(319,058)
Net Increase in Advances from Borrowers for Taxes and Insurance	166	186
Dividends Paid	(169)	(156)
Company Stock Purchased	(299)	(756)
Proceeds from Stock Options Exercised	50	17
Net Cash (Used in) Provided by Financing Activities	(5,275)	9,699
NET INCREASE (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	1,614	(8,839)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	21,166	13,633
CASH AND CASH EQUIVALENTS - END OF PERIOD	$22,780	$4,794
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest Paid on Deposits and Borrowed Funds	$665	$571
Income Taxes Paid	1	1
Market Value Adjustment for Loss on Securities Available-for-Sale	(75)	(240)

See accompanying notes to unaudited consolidated financial statements.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Home Federal Bancorp, Inc. of Louisiana (the "Company") and its subsidiary, Home Federal Bank ("Home Federal Bank" or the "Bank"). These consolidated financial statements were prepared in accordance with instructions for Form 10-Q and Regulation S-X and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the three month period ended September 30, 2015, are not necessarily indicative of the results which may be expected for the fiscal year ending June 30, 2016.

The Company follows accounting standards set by the Financial Accounting Standards Board (the "FASB"). The FASB sets generally accepted accounting principles ("GAAP") that we follow to ensure we consistently report our financial condition, results of operations and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (the "Codification" or the "ASC").

In accordance with the subsequent events topic of the ASC, the Company evaluates events and transactions that occur after the balance sheet date for potential recognition in the financial statements. The effect of all subsequent events that provide additional evidence of conditions that existed at the balance sheet date are recognized in the financial statements as of September 30, 2015. In preparing these financial statements, the Company evaluated the events and transactions that occurred through the date these financial statements were issued.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the Consolidated Statements of Financial Condition and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the allowance for loan losses.

Nature of Operations

Home Federal Bancorp, Inc. of Louisiana, a Louisiana corporation, is the fully public stock holding company for Home Federal Bank located in Shreveport, Louisiana. The Bank is a federally chartered, stock savings and loan association and is subject to federal regulation by the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency. The Company is a savings and loan holding company regulated by the Board of Governors of the Federal Reserve System. Services are provided to the Bank's customers by five full-service banking offices and one administrative office, located in Caddo and Bossier Parishes, Louisiana. The area served by the Bank is primarily the Shreveport-Bossier City metropolitan area; however, loan and deposit customers are found dispersed in a wider geographical area covering much of northwest Louisiana. As of September 30, 2015, the Bank had one wholly-owned subsidiary, Metro Financial Services, Inc., which previously engaged in the sale of annuity contracts and does not currently engage in a meaningful amount of business.

Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, cash and cash equivalents include cash on hand, balances due from banks, and federal funds sold, all of which mature within ninety days.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

Securities

The Company classifies its debt and equity investment securities into one of three categories: held-to-maturity, available-for-sale, or trading. Investments in nonmarketable equity securities and debt securities, in which the Company has the positive intent and ability to hold to maturity, are classified as held-to-maturity and carried at amortized cost. Investments in debt securities that are not classified as held-to-maturity and marketable equity securities that have readily determinable fair values are classified as either trading or available-for-sale securities. Securities that are acquired and held principally for the purpose of selling in the near term are classified as trading securities. Investments in securities not classified as trading or held-to-maturity are classified as available-for-sale.

Trading account and available-for-sale securities are carried at fair value. Unrealized holding gains and losses on trading securities are included in earnings while net unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the term of the securities. Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Loans Held-for-Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Loans

Loans receivable are stated at unpaid principal balances, less allowances for loan losses and unamortized deferred loan fees. Net nonrefundable fees (loan origination fees, commitment fees, discount points) and costs associated with lending activities are being deferred and subsequently amortized into income as an adjustment of yield on the related interest earning assets using the interest method. Interest income on contractual loans receivable is recognized on the accrual method. Unearned discount on property improvement and automobile loans is deferred and amortized on the interest method over the life of the loan.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of the underlying collateral and prevailing economic conditions. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

Allowance for Loan Losses (continued)

A loan is considered impaired when, based on current information or events, it is probable that the Bank will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. When a loan is impaired, the measurement of such impairment is based upon the present value of expected future cash flows or the fair value of the collateral of the loan. If the present value of expected future cash flows or fair value of the collateral is less than the recorded investment in the loan, the Bank will recognize the impairment by creating a valuation allowance with a corresponding charge against earnings.

An allowance is also established for uncollectible interest on loans classified as substandard. The allowance is established by a charge to interest income equal to all interest previously accrued and income is subsequently recognized only to the extent that cash payments are received. When, in management's judgment, the borrower's ability to make periodic interest and principal payments is back to normal, the loan is returned to accrual status.

It should be understood that estimates of future loan losses involve an exercise of judgment. While it is possible that in particular periods the Company may sustain losses which are substantial relative to the allowance for loan losses, it is the judgment of management that the allowance for loan losses reflected in the accompanying statements of condition is adequate to absorb possible losses in the existing loan portfolio.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Bank has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held-for-sale and are transferred to other real estate owned at the lower of cost or current fair value minus estimated cost to sell as of the date of foreclosure. Cost is defined as the lower of the fair value of the property or the recorded investment in the loan. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets.

Income Taxes

The Company and its wholly-owned subsidiary file a consolidated Federal income tax return on a fiscal year basis. Each entity pays its pro-rata share of income taxes in accordance with a written tax-sharing agreement.

The Company accounts for income taxes on the asset and liability method. Deferred tax assets and liabilities are recorded based on the difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the expected amount most likely to be realized. Realization of deferred tax assets is dependent upon the generation of a sufficient level of future taxable income and recoverable taxes paid in prior years. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets will be realized. Current taxes are measured by applying the provisions of enacted tax laws to taxable income to determine the amount of taxes receivable or payable.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Accounting Policies (continued)

Income Taxes (continued)

While the Bank is exempt from Louisiana income tax, it is subject to the Louisiana Ad Valorem Tax, commonly referred to as the Louisiana Shares Tax, which is based on stockholders' equity and net income.

Comprehensive Income

Accounting principles generally accepted in the United States of America require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the Consolidated Statements of Financial Condition, such items, along with net income, are components of comprehensive income.

Stockholders' Equity

On January 1, 2015, the Louisiana Business Corporation Act (the Act) became effective. Under the provisions of the Act, there is no concept of "Treasury Shares". Rather, shares purchased by the Company constitute authorized but unissued shares. Under Accounting Standards Codification (ASC) 505-30, Treasury Stock, accounting for treasury stock shall conform to state law. Accordingly, the Company's Consolidated Statements of Financial Condition as of June 30, 2015 and September 30, 2015 reflect this change. The cost of shares purchased by the Company has been allocated to Common Stock and Retained Earnings balances.

Recent Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-13, Consolidation (Topic 810): Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity. The amendments of ASU 2014-13 allow for a reporting entity that consolidates a collateralized financing entity within the scope of the guidance to elect to measure the financial assets and the financial liabilities of that collateralized financing entity using the measurement alternative. Under the measurement alternative, the reporting entity should measure both the financial assets and the financial liabilities of that collateralized financing entity in its consolidated financial statements using the more observable of the fair value of the financial assets and the fair value of the financial liabilities. The amendments are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. The adoption of this guidance is not expected to have a material effect on the Company's financial statements.

In August 2014, the FASB issued ASU 2014-14, Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40). The amendments in this Update require that a mortgage loan be derecognized and that a separate other receivable be recognized upon foreclosure if the following conditions are met: (1) the loan has a government guarantee that is not separable from the loan before foreclosure, (2) at the time of foreclosure, the creditor has the intent to convey the real estate property to the guarantor and make a claim on the guarantee, and the creditor has the ability to recover under that claim, and (3) at the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. The amendments in this Update are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. This Update did not have a significant impact on the Company's financial statements.

In January 2015, the FASB issued ASU 2015-01, Income Statement – Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. The amendments of ASU 2015-01 eliminate from Generally Accepted Accounting Principles the concept of extraordinary items. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Securities

The amortized cost and fair value of securities, with gross unrealized gains and losses, follows:

	September 30, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Securities Available-for-Sale				
Debt Securities				
FHLMC Mortgage-Backed Certificates	$257	$ 16	$ --	$273
FNMA Mortgage-Backed Certificates	25,368	603	170	25,801
GNMA Mortgage-Backed Certificates	15,847	4	376	15,475
Total Debt Securities	41,472	623	546	41,549
Total Securities Available-for-Sale	$41,472	$ 623	$ 546	$41,549
Securities Held-to-Maturity				
Equity Securities (Non-Marketable)				
12,520 Shares – Federal Home Loan Bank	$1,252	$ --	$ --	$1,252
630 Shares – First National Bankers Bankshares, Inc.	250	--	--	250
Total Equity Securities	1,502	--	--	1,502
Total Securities Held-to-Maturity	$1,502	$ --	$ --	$1,502

	June 30, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Securities Available-for-Sale				
Debt Securities				
FHLMC Mortgage-Backed Certificates	$267	$ 17	$ --	$284
FNMA Mortgage-Backed Certificates	27,263	605	61	27,807
GNMA Mortgage-Backed Certificates	17,203	5	414	16,794
Total Debt Securities	44,733	627	475	44,885
Total Securities Available-for-Sale	$44,733	$ 627	$ 475	$44,885

Securities Held-to-Maturity

Equity Securities (Non-Marketable)				
17,600 shares – Federal Home Loan Bank	$1,760	$ --	$ --	$1,760
630 Shares – First National Bankers Bankshares, Inc.	250	--	--	250
Total Equity Securities	2,010	--	--	2,010
Total Securities Held-to-Maturity	$2,010	$ --	$ --	$2,010

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Securities (continued)

The amortized cost and fair value of securities by contractual maturity at September 30, 2015, follows:

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)			
Debt Securities				
Within One Year or Less	$1	$1	$--	$--
One through Five Years	169	172	--	--
After Five through Ten Years	90	94	--	--
Over Ten Years	41,212	41,282	--	--
	41,472	41,549	--	--
Other Equity Securities	--	--	1,502	1,502
Total	$41,472	$41,549	$1,502	$1,502

There were no sales of available-for-sale securities during the three months ended September 30, 2015.

The following tables show information pertaining to gross unrealized losses on securities available-for-sale at September 30, 2015 and June 30, 2015 aggregated by investment category and length of time that individual securities have been in a continuous loss position.

	September 30, 2015			
	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Securities Available-for-Sale				
Debt Securities				
Mortgage-Backed Securities	$--	$ --	$546	$25,028
Marketable Equity Securities	--	--	--	--
Total Securities Available-for-Sale	$--	$ --	$546	$25,028

	June 30, 2015			
	Less Than Twelve Months		Over Twelve Months	

	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Securities Available-for-Sale				
Debt Securities				
Mortgage-Backed Securities	$61	$10,345	$414	$16,683
Marketable Equity Securities	--	--	--	--
Total Securities Available-for-Sale	$61	$10,345	$414	$16,683

The Company's investment in equity securities consists primarily of FHLB stock, and shares of First National Bankers Bankshares, Inc. ("FNBB"). Management monitors its investment portfolio to determine whether any investment securities which have unrealized losses should be considered other than temporarily impaired.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Securities (continued)

At September 30, 2015, securities with a carrying value of $1.7 million were pledged to secure public deposits, and securities and mortgage loans with a carrying value of $167.9 million were pledged to secure FHLB advances.

3. Loans Receivable

Loans receivable are summarized as follows:

	September 30, 2015	June 30, 2015
	(In Thousands)	
Loans Secured by Mortgages on Real Estate		
One- to Four-Family Residential	$106,924	$103,332
Commercial	60,283	62,080
Multi-Family Residential	15,135	15,246
Land	19,057	19,866
Construction	17,804	17,620
Equity and Second Mortgage	2,247	2,460
Equity Lines of Credit	21,656	22,187
Total Mortgage Loans	243,106	242,791
Commercial Loans	28,348	28,019
Consumer Loans		
Loans on Savings Accounts	206	209
Automobile and Other Consumer Loans	104	110
Total Consumer and Other Loans	310	319
Total Loans	271,764	271,129
Less: Allowance for Loan Losses	(2,613)	(2,515)
Unamortized Loan Fees	(169)	(187)
Net Loans Receivable	$268,982	$268,427

Following is a summary of changes in the allowance for loan losses:

	Three Months Ended September 30, 2015	2014
	(In Thousands)	
Balance - Beginning of Period	$2,515	$2,396
Provision for Loan Losses	65	40
Loan Charge-Offs	--	(151)
Recoveries	33	--
Balance - End of Period	$2,613	$2,285

Credit Quality Indicators

The Company segregates loans into risk categories based on the pertinent information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans according to credit risk. Loans classified as substandard or identified as special mention are reviewed quarterly by management to evaluate the level of deterioration, improvement, and impairment, if any, as well as assign the appropriate risk category.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

Loans excluded from the scope of the quarterly review process above are generally identified as pass credits until: (a) they become past due; (b) management becomes aware of deterioration in the credit worthiness of the borrower; or (c) the customer contacts the Company for a modification. In these circumstances, the loan is specifically evaluated for potential classification and the need to allocate reserves or charge-off. The Company uses the following definitions for risk ratings:

Special Mention - Loans identified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard - Loans classified as substandard are inadequately protected by the current net worth and payment capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful - Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss - This classification includes those loans which are considered uncollectible and of such little value that their continuance as loans is not warranted. Even though partial recovery may be possible in the future, it is not practical or desirable to defer writing off these basically worthless loans. Accordingly, these loans are charged-off before period end.

The following tables present the grading of loans, segregated by class of loans, as of September 30, 2015 and June 30, 2015:

September 30, 2015	Pass	Special Mention	Substandard	Doubtful	Total
			(In Thousands)		
Real Estate Loans:					
One- to Four-Family Residential	$106,591	$ 218	$ 115	$ --	$106,924
Commercial	59,719	346	218	--	60,283
Multi-Family Residential	15,135	--	--	--	15,135
Land	19,057	--	--	--	19,057
Construction	17,804	--	--	--	17,804
Equity and Second Mortgage	2,247	--	--	--	2,247
Equity Lines of Credit	21,656	--	--	--	21,656
Commercial Loans	28,348	--	--	--	28,348
Consumer Loans	310	--	--	--	310
Total	$270,867	$ 564	$ 333	$ --	$271,764

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

June 30, 2015	Pass	Special Mention	Substandard	Doubtful	Total
	(In Thousands)				
Real Estate Loans:					
One- to Four-Family Residential	$103,207	$ 112	$ 13	$ --	$103,332
Commercial	61,542	538	--	--	62,080
Multi-Family Residential	15,246	--	--	--	15,246
Land	19,866	--	--	--	19,866
Construction	17,620	--	--	--	17,620
Equity and Second Mortgage	2,460	--	--	--	2,460
Equity Lines of Credit	22,163	--	24	--	22,187
Commercial Loans	28,019	--	--	--	28,019
Consumer Loans	319	--	--	--	319
Total	$270,442	$ 650	$ 37	$ --	$271,129

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when contractually due. Loans that experience insignificant payment delays or payment shortfalls are generally not classified as impaired. On a case-by-case basis, management determines the significance of payment delays and payment shortfalls, taking into consideration all of the circumstances related to the loan, including: the length of the payment delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

The following tables present an aging analysis of past due loans, segregated by class of loans, as of September 30, 2015 and June 30, 2015:

September 30, 2015	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Tota Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
				(In Thousands)			
Real Estate Loans:							
One- to Four-Family Residential	$1,954	$1,178	$ 289	$ 3,421	$103,503	$ 106,924	$ 276
Commercial	--	--	--	--	60,283	60,283	--
Multi-Family Residential	--	--	--	--	15,135	15,135	--
Land	570	--	--	570	18,487	19,057	--
Construction	--	--	--	--	17,804	17,804	--
Equity and Second Mortgage	--	--	--	--	2,247	2,247	--
Equity Lines of Credit	--	--	--	--	21,656	21,656	--

Commercial Loans	--	--	--	--	28,348	28,348	--
Consumer Loans	--	--	--	--	310	310	--
Total	$2,524	$1,178	$ 289	$ 3,991	$267,773	$271,764	$ 276

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

June 30, 2015	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
	(In Thousands)						
Real Estate Loans:							
One- to Four-Family Residential	$2,137	$1,100	$ 80	$3,317	$100,015	$103,332	$ 67
Commercial	--	--	--	--	62,080	62,080	--
Multi-Family Residential	--	--	--	--	15,246	15,246	--
Land	--	--	--	--	19,866	19,866	--
Construction	--	--	--	--	17,620	17,620	--
Equity and Second Mortgage	--	--	--	--	2,460	2,460	--
Equity Lines of Credit	--	--	--	--	22,187	22,187	--
Commercial Loans	--	--	--	--	28,019	28,019	--
Consumer Loans	3	--	--	3	316	319	--
Total	$2,140	$1,100	$ 80	$3,320	$267,809	$271,129	$ 67

Loans, for which the terms have been modified, and for which the borrower is experiencing financial difficulties are considered troubled debt restructurings and designated as impaired. There were no troubled debt restructurings as of September 30, 2015 or June 30, 2015.

The change in the allowance for loan losses by loan portfolio class and recorded investment in loans for the three months ended September 30, 2015 was as follows:

September 30, 2015	Real Estate Loans 1-4 Family Residential	Commercial	Multi-Family	Land	Construction	Home Equity Loans and Lines of Credit	Commercial Loans	Consumer Loans	Total
				(In Thousands)					
Allowance for loan losses:									
Beginning Balances	$1,195	$415	$103	$154	$146	$192	$305	$5	$2,515
Charge-Offs	--	--	--	--	--	--	--	--	--
Recoveries	33	--	--	--	--	--	--	--	33
Current Provision	129	6	(30)	(6)	(29)	(55)	51	(1)	65

Ending Balances	$1,357	$ 421	$73	$148	$ 117	$137	$ 356	$ 4	$2,613
Evaluated for Impairment:									
Individually	--	--	--	--	--	--	--	--	--
Collectively	1,357	421	73	148	117	137	356	4	2,613
Loans Receivable:									
Ending Balances – Total	$106,924	$ 60,283	$15,135	$19,057	$ 17,804	$23,903	$ 28,348	$ 310	$271,764
Ending Balances: Evaluated for Impairment:									
Individually	333	564	--	--	--	--	--	--	897
Collectively	$106,591	$ 59,719	$15,135	$19,057	$ 17,804	$23,903	$ 28,348	$ 310	$270,867

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

The change in the allowance for loan losses by loan portfolio class and recorded investment in loans for the year ended June 30, 2015 and three months ended September 30, 2014, was as follows:

	Real Estate Loans								
June 30, 2015	1-4 Family Residential	Commercial	Multi-Family	Land	Construction	Home Equity Loans And Lines of Credit	Commercial Loans	Consumer Loans	Total
	(In Thousands)								
Allowance for loan losses:									
Beginning Balances	$ 1,224	$ 464	$ 128	$ 168	$ 105	$ 99	$ 202	$ 6	$ 2,396
Charge-Offs	(181)	--	--	--	--	--	--	--	(181)
Recoveries	--	--	--	--	--	--	--	--	--
Current Provision	152	(49)	(25)	(14)	41	93	103	(1)	300
Ending Balances	$ 1,195	$ 415	$ 103	$ 154	$ 146	$ 192	$ 305	$ 5	$ 2,515
Evaluated for Impairment:									
Individually	--	--	--	--	--	--	--	--	--
Collectively	1,195	415	103	154	146	192	305	5	2,515
Loans Receivable:									
Ending Balances - Total	$ 103,332	$ 62,080	$ 15,246	$ 19,866	$ 17,620	$ 24,647	$ 28,019	$ 319	$ 271,129
Ending Balances: Evaluated for Impairment:									
Individually	125	537	--	--	--	25	--	--	687
Collectively	$ 103,207	$ 61,543	$ 15,246	$ 19,866	$ 17,620	$ 24,622	$ 28,019	$ 319	$ 270,442

	Real Estate Loans								
September 30, 2014	1-4 Family Residential	Commercial	Multi-Family	Land	Construction	Home Equity Loans and Lines	Commercial Loans	Consumer Loans	Total

						of Credit			
				(In Thousands)					
Allowance for loan losses:									
Beginning Balances	$1,224	$464	$128	$168	$105	$99	$202	$6	$2,396
Charge-Offs	(151)	--	--	--	--	--	--	--	(151)
Recoveries	--	--	--	--	--	--	--	--	--
Current Provision	96	(108)	(56)	12	22	29	45	--	40
Ending Balances	$1,169	$356	$72	$180	$127	$128	$247	$6	$2,285
Evaluated for Impairment:									
Individually	--	--	--	--	--	--	--	--	--
Collectively	1,169	356	72	180	127	128	247	6	2,285
Loans Receivable:									
Ending Balances - Total	$96,279	$55,554	$15,967	$22,513	$13,366	$19,698	$27,032	$411	$250,820
Ending Balances: Evaluated for Impairment:									
Individually	128	617	--	--	--	27	--	--	772
Collectively	$96,151	$54,937	$15,967	$22,513	$13,366	$19,671	$27,032	$411	$250,048

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Loans Receivable (continued)

Credit Quality Indicators (continued)

The following tables present loans individually evaluated for impairment, segregated by class of loans, as of September 30, 2015 and June 30, 2015:

September 30, 2015	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
	(In Thousands)					
Real Estate Loans:						
One- to Four-Family Residential	$333	$ 333	$ --	$ 333	$ --	$ 347
Commercial	564	564	--	564	--	587
Multi-Family Residential	--	--	--	--	--	--
Land	--	--	--	--	--	--
Construction	--	--	--	--	--	--
Equity and Second Mortgage	--	--	--	--	--	--
Equity Lines of Credit	--	--	--	--	--	--
Commercial Loans	--	--	--	--	--	--
Consumer Loans	--	--	--	--	--	--
Total	$897	$ 897	$ --	$ 897	$ --	$ 934

June 30, 2015	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
	(In Thousands)					
Real Estate Loans:						
One- to Four-Family Residential	$125	$ 125	$ --	$ 125	$ --	$ 133
Commercial	537	537	--	537	--	556
Multi-Family Residential	--	--	--	--	--	--
Land	--	--	--	--	--	--
Construction	--	--	--	--	--	--
Equity and Second Mortgage	--	--	--	--	--	--
Equity Lines of Credit	25	25	--	25	--	25
Commercial Loans	--	--	--	--	--	--
Consumer Loans	--	--	--	--	--	--
Total	$687	$ 687	$ --	$ 687	$ --	$ 714

The Bank has no commitments to loan additional funds to borrowers whose loans were previously in non-accrual status.

There was no interest income recognized on non-accrual loans during the three months ended September 30, 2015 or year ended June 30, 2015. If the non-accrual loans had been accruing interest at their original contracted rates, gross interest income that would have been recorded for the three months ended September 30, 2015 and year ended June 30, 2015 was approximately $286 and $1,058, respectively.

4. Deposits

Deposits at September 30, 2015 and June 30, 2015 consist of the following classifications:

	September 30, 2015	June 30, 2015
	(In Thousands)	
Non-Interest Bearing	$44,252	$45,024
NOW Accounts	34,489	31,214
Money Markets	47,206	45,593
Passbook Savings	20,938	18,435
	146,885	140,266
Certificates of Deposit	146,389	145,972
Total Deposits	$293,274	$286,238

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Earnings Per Share

Basic earnings per common share are computed based on the weighted average number of shares outstanding. Diluted earnings per share is computed based on the weighted average number of shares outstanding and common share equivalents that would arise from the exercise of dilutive securities. Earnings per share for the three months ended September 30, 2015 and 2014 were calculated as follows:

	Three Months Ended September 30,	
	2015	2014
	(In Thousands, Except Per Share Data)	
Net income	$941	$823
Weighted average shares outstanding - basic	1,927	2,006
Effect of dilutive common stock equivalents	64	52
Adjusted weighted average shares outstanding - diluted	1,991	2,058
Basic earnings per share	$0.49	$0.41
Diluted earnings per share	$0.47	$0.40

For the three months ended September 30, 2015 and 2014, there were outstanding options to purchase 204,137 and 228,259 shares, respectively, at a weighted average exercise price of $15.07 and $14.68 per share, respectively. For the quarter ended September 30, 2015, 63,662 options, were included in the computation of diluted earnings per share.

The following table presents the components of weighted average outstanding shares for purposes of calculating earnings per share:

	Three Months Ended September 30,	
	2015	2014
	(In Thousands)	
Average common shares issued	2,106	3,062
Average unearned ESOP shares	(143)	(154)
Average unearned RRP shares	(36)	(50)
Average treasury shares	--	(852)
Weighted average shares outstanding	1,927	2,006

6. Stock-Based Compensation

Recognition and Retention Plan

On August 10, 2005, the shareholders of the Company approved the establishment of the Home Federal Bancorp, Inc. of Louisiana 2005 Recognition and Retention Plan and Trust Agreement (the "2005 Recognition Plan") as an incentive to retain personnel of experience and ability in key positions. The aggregate number of shares of the Company's common stock subject to award under the 2005 Recognition Plan totaled 63,547 shares (as adjusted for the exchange ratio of 0.9110 on December 22, 2010). As the shares were acquired for the 2005 Recognition Plan, the purchase price of these shares was recorded as a contra equity account. As the shares are distributed, the contra equity account is reduced. The 2005 Recognition Plan terminated on June 8, 2015 and the remaining 564 shares vested on August 19, 2015.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Stock – Based Compensation (continued)

Recognition and Retention Plan (continued)

On December 23, 2011, the shareholders of the Company approved the establishment of the Home Federal Bancorp, Inc. of Louisiana 2011 Recognition and Retention Plan and Trust Agreement (the "2011 Recognition Plan", together with the 2005 Recognition Plan, the "Recognition Plan") as an incentive to retain personnel of experience and ability in key positions. The aggregate number of shares of the Company's common stock available for award under the 2011 Recognition Plan totaled 77,808 shares, all of which were awarded as of September 30, 2015.

Recognition Plan shares are earned by recipients at a rate of 20% of the aggregate number of shares covered by the Recognition Plan award over five years. Generally, if the employment of an employee or service as a non-employee director is terminated prior to the fifth anniversary of the date of grant of Recognition Plan share award, the recipient shall forfeit the right to any shares subject to the award that have not been earned. In the case of death or disability of the recipient or a change in control of the Company, the Recognition Plan awards will be vested and shall be distributed as soon as practicable thereafter.

The Recognition Plan cost is recognized over the five year vesting period. During the three months ended September 30, 2015, the Company recognized $59,000 in expense related to the Recognition Plans.

Stock Option Plan

On August 10, 2005, the shareholders of the Company approved the establishment of the Home Federal Bancorp, Inc. of Louisiana 2005 Stock Option Plan (the "2005 Option Plan") for the benefit of directors, officers, and other key employees. The aggregate number of shares of common stock reserved for issuance under the 2005 Option Plan totaled 158,868 (as adjusted for the exchange ratio). Both incentive stock options and non-qualified stock options may be granted under the 2005 Option Plan. The 2005 Stock Option Plan terminated on June 8, 2015, however outstanding stock options will remain in effect for the remainder of their original ten year terms.

On December 23, 2011, the shareholders of the Company approved the establishment of the Home Federal Bancorp, Inc. of Louisiana 2011 Stock Option Plan (the "2011 Option Plan", together with the 2005 Option Plan, the "Option Plans") for the benefit of directors, officers, and other key employees. The aggregate number of shares of common stock reserved for issuance under the 2011 Option Plan totaled 194,522, all of which were awarded as of September 30, 2015. Both incentive stock options and non-qualified stock options may be granted under the 2011 Option Plan.

On August 18, 2005, the Company granted 158,858 options (as adjusted for the conversion described in Note 1) to directors and employees. Under the Option Plan, the exercise price of each option cannot be less than the fair market value of the underlying common stock as of the date of the option grant, which was $10.82 (as adjusted), and the maximum term is ten years. As of August 18, 2015 all of the awards were either exercised or forfeited. On August 19, 2010 and July 31, 2014, the Company granted 21,616 options and 2,133 options, respectively, under the 2005 Option Plan that were previously forfeited (as adjusted for the conversion), at an exercise price of $10.93 and $18.92 per share, respectively. On January 31, 2012 and July 31, 2014, 165,344 options and 29,178 options, respectively, were granted to directors and employees at an exercise price of $14.70 and $18.92 per share, respectively, under the 2011 Option Plan. As of September 30, 2015 there were no stock options available for future grant under the 2005 Option Plan or the 2011 Option Plan.

Under the Option Plans, the exercise price of each option cannot be less than the fair market value of the underlying common stock as of the date of the option grant and the maximum term is ten years. Incentive stock options and non-qualified stock options granted under the Option Plans become vested and exercisable at a rate of 20% per year over five years, commencing one year from the date of the grant, with an additional 20% vesting on each successive anniversary of the date the option was granted. No vesting shall occur after an employee's employment or service as a director is terminated. In the event of the death or disability of an employee or director or change in control of the Company, the unvested options shall become vested and exercisable. The Company accounts for the Option Plans under the guidance of FASB ASC Topic 718, Compensation – Stock Compensation.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Stock – Based Compensation (continued)

Stock Incentive Plan

On November 12, 2014, the shareholders of the Company approved the adoption of the Company's 2014 Stock Incentive Plan (the "Stock Incentive Plan") for the benefit of employees and non-employee directors as an incentive to contribute to the success of the Company and reward employees for outstanding performance and the attainment of targeted goals. There are undetermined amount of unawarded shares under the 2014 Stock Incentive Plan. The Stock Incentive Plan covers a total of 150,000 shares, of which no more than 37,500 shares, or 25% of the plan, may be share rewards. The balance of the plan is reserved for stock option awards which would total 112,500 stock options assuming all the share awards are issued. All incentive stock options granted under the Stock Incentive Plan are intended to comply with the requirements of Section 422 of the Internal Revenue Code. As of September 30, 2015, there were no share awards or stock options granted pursuant to the Stock Incentive Plan. On October 26, 2015, the Company granted a total of 34,500 plan share awards and 103,500 stock options to directors, officers, and other key employees.

7. Related Party Transactions

Certain directors and executive officers were indebted to the Bank in the approximate aggregate amounts of $3.7 million and $3.8 million at September 30, 2015 and June 30, 2015, respectively.

8. Fair Value Disclosures

The following disclosure is made in accordance with the requirements of ASC 825, Financial Instruments. Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash. In cases where quoted market prices are not available, fair values have been estimated using the present value of future cash flows or other valuation techniques. The results of these techniques are highly sensitive to the assumptions used, such as those concerning appropriate discount rates and estimates of future cash flows, which require considerable judgment. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current settlement of the underlying financial instruments.

ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. These disclosures should not be interpreted as representing an aggregate measure of the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating fair values of financial instruments:

Cash and Cash Equivalents
The carrying amount approximates the fair value of cash and cash equivalents.

Securities to be Held-to-Maturity and Available-for-Sale
Fair values for investment securities, including mortgage-backed securities, are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The carrying values of restricted or non-marketable equity securities approximate their fair values. The carrying amount of accrued investment income approximates its fair value.

Mortgage Loans Held-for-Sale

Because these loans are normally disposed of within ninety days of origination, their carrying value closely approximates the fair value of such loans.

Loans Receivable

For variable-rate loans that re-price frequently and with no significant changes in credit risk, fair value approximates the carrying value. Fair values for other loans are estimated using the discounted value of expected future cash flows. Interest rates used are those being offered currently for loans with similar terms to borrowers of similar credit quality. The carrying amount of accrued interest receivable approximates its fair value.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Fair Value Disclosures (continued)

Deposit Liabilities
The fair values for demand deposit accounts are, by definition, equal to the amount payable on demand at the reporting date, that is, their carrying amounts. Fair values for other deposit accounts are estimated using the discounted value of expected future cash flows. The discount rate is estimated using the rates currently offered for deposits of similar maturities.

Advances from Federal Home Loan Bank
The carrying amount of short-term borrowings approximates their fair value. The fair value of long-term debt is estimated using discounted cash flow analyses based on current incremental borrowing rates for similar borrowing arrangements.

Off-Balance Sheet Credit-Related Instruments
Fair values for outstanding mortgage loan commitments to lend are based on fees currently charged to enter into similar agreements, taking into account the remaining term of the agreements, customer credit quality, and changes in lending rates.

The fair value of interest rate floors and caps contained in some loan servicing agreements and variable rate mortgage loan contracts are considered immaterial within the context of fair value disclosure requirements. Accordingly, no fair value estimate is provided for these instruments.

The carrying amount and estimated fair values of the Company's financial instruments were as follows:

	September 30, 2015		June 30, 2015	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	(In Thousands)			
Financial Assets				
Cash and Cash Equivalents	$22,780	$22,780	$21,166	$21,166
Securities Available-for-Sale	41,549	41,549	44,885	44,885
Securities to be Held-to-Maturity	1,502	1,502	2,010	2,010
Loans Held-for-Sale	10,948	10,948	14,203	14,203
Loans Receivable	268,982	267,717	268,427	267,157
Financial Liabilities				
Deposits	293,374	272,950	286,238	266,412
Advances from FHLB	26,351	26,578	38,411	38,751
Off-Balance Sheet Items				
Mortgage Loan Commitments	320	320	290	290

The estimated fair values presented above could be materially different than net realizable value and are only indicative of the individual financial instrument's fair value. Accordingly, these estimates should not be considered an indication of the fair value of the Company taken as a whole.

The Company follows the guidance of FASB ASC Topic 820, Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 affirms a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 was issued to establish a uniform definition of fair value. The definition of fair value is market-based as opposed to company-specific, and includes the following:

Defines fair value as the price that would be received to sell an asset or paid to transfer a liability, in either case, through an orderly transaction between market participants at a measurement date and establishes a framework for measuring fair value;

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Fair Value Disclosures (continued)

Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date;

Nullifies the guidance in EITF 02-3, which required the deferral of profit at inception of a transaction involving a derivative financial instrument in the absence of observable data supporting the valuation technique;

Eliminates large position discounts for financial instruments quoted in active markets and requires consideration of the company's creditworthiness when valuing liabilities; and

Expands disclosures about instrument that are measured at fair value.

The standard establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy favors the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets in which the Company can participate.

Level 2 – Fair value is based upon (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly; (c) inputs other than quoted prices that are observable for the asset or liability or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Fair value is based upon inputs that are unobservable for the asset or liability. These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs are adjusted if information indicates that market participants would use different assumptions.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Fair Value Disclosures (continued)

Fair values of assets and liabilities measured on a recurring basis at September 30, 2015 and June 30, 2015 are as follows:

	Fair Value Measurements Using:			
September 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
	(In Thousands)			
Available-for-Sale Debt Securities				
FHLMC	$--	$ 273	$ --	$273
FNMA	--	25,801	--	25,801
GNMA	--	15,475	--	15,475
Total	$--	$ 41,549	$ --	$41,549

	Fair Value Measurements Using:			
June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
		(In Thousands)		
Available-for-Sale Debt Securities				
FHLMC	$--	$284	$ --	$284
FNMA	--	27,807	--	27,807
GNMA	--	16,794	--	16,794
Total	$--	$44,885	$ --	$44,885

9. Subsequent Events

In accordance with FASB ASC 855, Subsequent Events, the Company evaluates events and transactions that occur after the balance sheet date for potential recognition in the financial statements. The effect of all subsequent events that provide additional evidence of conditions that existed at the balance sheet date are recognized in the financial statements as of September 30, 2015. In preparing these financial statements, the Company evaluated the events and transactions that occurred through the date these financial statements were issued.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The Company's results of operations are primarily dependent on the results of the Bank, which became a wholly owned subsidiary upon completion of the second-step conversion and reorganization of the Bank on December 22, 2010. The Bank's results of operations depend, to a large extent, on net interest income, which is the difference between the income earned on its loan and investment portfolios and the cost of funds, consisting of the interest paid on deposits and borrowings. Results of operations are also affected by provisions for loan losses and loan sale activities. Non-interest expense principally consists of compensation and employee benefits, office occupancy and equipment expense, data processing and other expense. Our results of operations are also significantly affected by general economic and competitive conditions, particularly changes in interest rates, government policies and actions of regulatory authorities. Future changes in applicable law, regulations or government policies may materially impact our financial conditions and results of operations.

Home Federal Bank operates from its main office in Shreveport, Louisiana, four full service branch offices and an administrative office located in Shreveport and Bossier City, Louisiana. The Company's primary market area is the Shreveport-Bossier City metropolitan area. The Company offers security brokerage and advisory services through a third party provider at its agency office, which also serves as the office for the commercial lending division and as a loan production office.

Critical Accounting Policies

Allowance for Loan Losses. The Company has identified the calculation of the allowance for loan losses as a critical accounting policy, due to the higher degree of judgment and complexity than its other significant accounting policies. Provisions for loan losses are based upon management's periodic valuation and assessment of the overall loan portfolio and the underlying collateral, trends in non-performing loans, current economic conditions and other relevant factors in order to maintain the allowance for loan losses at a level believed by management to represent all known and inherent losses in the portfolio that are both probable and reasonably estimable. Although management uses the best information available, the level of the allowance for loan losses remains an estimate which is subject to significant judgment and short-term change.

Income Taxes. Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various assets and liabilities and gives current recognition to changes in tax rates and laws. The realization of our deferred tax assets principally depends upon our achieving projected future taxable income. We may change our judgments regarding future profitability due to future market conditions and other factors. We may adjust our deferred tax asset balances if our judgments change.

Discussion of Financial Condition Changes from June 30, 2015 to September 30, 2015

General

At September 30, 2015, total assets amounted to $366.1 million compared to $369.8 million at June 30, 2015, a decrease of approximately $3.7 million, or 1.0%. The decrease in assets was comprised primarily of decreases in investment securities of $3.8 million, or 8.2%, from $46.9 million at June 30, 2015, to $43.1 million at September 30, 2015, and a decrease in loans held-for-sale of $3.3 million, or 22.9%, from $14.2 million at June 30, 2015 to $10.9

million at September 30, 2015. These decreases were partially offset by increases in cash and cash equivalents of $1.6 million, or 7.6%, from $21.2 million at June 30, 2015 to $22.8 million at September 30, 2015, premises and equipment, net of $1.2 million, or 11.7%, from $10.2 million at June 30, 2015 to $11.4 million at September 30, 2015, and an increase in loans receivable, net of $555,000, or 0.2%, from $268.4 million at June 30, 2015 to $269.0 million at September 30, 2015.

Discussion of Financial Condition Changes from June 30, 2015 to September 30, 2015 (continued)

Cash and Cash Equivalents

Cash and cash equivalents increased $1.6 million, or 7.6%, from $21.2 million at June 30, 2015 to $22.8 million at September 30, 2015. The $1.6 million increase in cash and cash equivalents was due in large part to normal fluctuations in cash balances.

Loans Receivable, Net

Loans receivable, net, increased by $555,000, or 0.2%, to $269.0 million at September 30, 2015 compared to $268.4 million at June 30, 2015. During the three months ended September 30, 2015, our total loan originations amounted to $56.7 million compared to $71.9 million for the three months ended September 30, 2014. The increase in loans receivable, net, was primarily due to increases in one- to four-family residential loans of $3.6 million, commercial business loans of $329,000, and residential construction loans of $184,000, partially offset by decreases in commercial real estate loans of $1.8 million, land loans of $809,000, home equity lines of credit of $531,000, equity and second mortgage loans of $213,000, multi-family residential loans of $111,000, and consumer and other loans of $9,000.

Loans Held-for-Sale

Loans held-for-sale decreased $3.3 million, or 22.9%, from $14.2 million at June 30, 2015 to $10.9 million at September 30, 2015. The decrease in loans held-for-sale results primarily from a decrease at September 30, 2015 in receivables from financial institutions purchasing the Company's loans held-for-sale and a decrease in the origination volume during the first quarter of fiscal 2016.

Investment Securities

Investment securities amounted to $43.1 million at September 30, 2015 compared to $46.9 million at June 30, 2015, a decrease of $3.8 million, or 8.2%. The decrease in investment securities was primarily due to principal payments on mortgage backed securities of $3.3 million and Federal Home Loan Bank stock redemptions of $509,000.

Premises and Equipment, Net

Premises and equipment, net, increased $1.2 million, or 11.7%, to $11.4 million at September 30, 2015, compared to $10.2 million at June 30, 2015, primarily due to the completion costs on a new branch building in Bossier City and the acquisition of real estate for a future branch location in the North Shreveport area.

Asset Quality

At September 30, 2015, the Company had $289,000 of non-performing assets compared to $80,000 of non-performing assets at June 30, 2015, consisting of four single-family residential loans at September 30, 2015, compared to two single family residential loans at June 30, 2015. We had $333,000 of loans classified as substandard at September 30, 2015, consisting of two single-family residential loans in the amount of $115,000 and one commercial real estate loan in the amount of $218,000, compared to $37,000 of loans classified as substandard at June 30, 2015, consisting of one single-family residential loan in the amount of $13,000 and one line of credit in the amount of $24,000. The Company had no loans classified as doubtful at September 30, 2015 or June 30, 2015.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Discussion of Financial Condition Changes from June 30, 2015 to September 30, 2015 (continued)

Total Liabilities

Total liabilities decreased $4.3 million, or 1.3%, from $326.4 million at June 30, 2015, to $322.1 million at September 30, 2015, primarily due to a decrease in advances from the Federal Home Loan Bank of Dallas of $12.1 million, or 31.4%, to $26.4 million at September 30, 2015, compared to $38.4 million at June 30, 2015, partially offset by an increase in total deposits of $7.0 million, or 2.5%, to $293.3 million at September 30, 2015, compared to $286.2 million at June 30, 2015. The increase in deposits was primarily due to a $3.3 million, or 10.5%, increase in NOW accounts from $31.2 million at June 30, 2015 to $34.5 million at September 30, 2015, a $2.5 million, or 13.6%, increase in savings deposits from $18.4 million at June 30, 2015 to $20.9 million at September 30, 2015, a $1.6 million, or 3.5%, increase in money market deposits from $45.6 million at June 30, 2015 to $47.2 million at September 30, 2015, and a $417,000, or 0.3%, increase in certificates of deposit from $146.0 million at June 30, 2015 to $146.4 million at September 30, 2015, partially offset by a decrease of $772,000, or 1.7%, in non-interest bearing demand deposits from $45.0 million at June 30, 2015 to $44.3 million at September 30, 2015. At both September 30, 2015 and June 30, 2015, the Company had $12.7 million in brokered deposits. The Company utilizes brokered certificates of deposit as a component of its strategy for lowering Home Federal Bank's overall cost of funds. The brokered certificates of deposit which have maturity dates greater than twelve months are callable by Home Federal Bank after twelve months pursuant to early redemption provisions.

Shareholders' Equity

Shareholders' equity increased $633,000, or 1.5%, to $44.0 million at September 30, 2015, from $43.4 million at June 30, 2015. The primary reasons for the increase in shareholders' equity from June 30, 2015, were net income of $941,000, the vesting of restricted stock awards, stock options and the release of employee stock ownership plan shares totaling $160,000 and proceeds from the issuance of common stock from the exercise of stock options of $50,000. These increases in shareholders' equity were partially offset by dividends paid totaling $169,000, acquisition of Company stock of $299,000 and a decrease in the Company's accumulated other comprehensive income of $50,000. The Company's book value per share increased from $20.57 at June 30, 2015 to $20.96 at September 30, 2015 based on shares outstanding of 2,100,241 and 2,109,606, respectively.

The Bank is required to meet minimum capital standards promulgated by the Office of the Comptroller of the Currency ("OCC"). At September 30, 2015, Home Federal Bank's regulatory capital was well in excess of the minimum capital requirements.

Comparison of Operating Results for the Three Month Periods Ended September 30, 2015 and 2014

General

Net income amounted to $941,000 for the three months ended September 30, 2015 compared to $823,000 for the same period in 2014, an increase of $118,000 or 14.3%. The increase was primarily due to a $203,000, or 6.8%, increase in net interest income, and a $283,000, or 45.0%, increase in non-interest income, partially offset by an increase of $296,000, or 12.7%, in non-interest expense, a $47,000, or 11.6%, increase in income tax expense and a $25,000, or 62.5%, increase in the provision of loan losses for the 2015 period compared to the same period in 2014.

The increase in net interest income for the three months ended September 30, 2015 was primarily due to an increase in total interest income, partially offset by an increase in the Company's cost of funds for the three months ended September 30, 2015, compared to the prior year period. The increase in non-interest expense was primarily due to increases in compensation and benefit expense, deposit insurance premiums, other non-interest expense, franchise and bank shares tax expense, loan and collection expense, data processing expense, and occupancy and equipment expense, partially offset by decreases in advertising expense, audit and examination fees, and legal fees.

Comparison of Operating Results for the Three Month Periods Ended September 30, 2015 and 2014 (continued)

Net Interest Income

Net interest income for the three months ended September 30, 2015 was $3.2 million, an increase of $203,000, or 6.8%, in comparison to $3.0 million for the three months ended September 30, 2014. This increase was primarily due to an increase of $290,000, or 8.2%, in total interest income, partially offset by an increase of $87,000, or 15.0%, in the Company's cost of funds. The cost of funds from Federal Home Loan Bank borrowings increased $17,000, or 37.8%, compared to the prior year three month period while interest paid on deposits increased $70,000, or 13.1%, compared to the prior year three month period.

The Company's average interest rate spread was 3.45% for the three months ended September 30, 2015, compared to 3.63% for the three months ended September 30, 2014. The Company's net interest margin was 3.65% for the three months ended September 30, 2015 compared to 3.83% for the three months ended September 30, 2014. The decreases in net interest margin and average interest rate spread for the three month period are attributable primarily to a higher volume of average interest-earning assets and a decrease of 16 basis points in the weighted-average yield on interest-earning assets.

Provision for Losses on Loans

Based on an analysis of historical experience, the volume and type of lending conducted by Home Federal Bank, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to our market area and other factors related to the collectability of Home Federal Bank's loan portfolio, a provision for loan losses of $65,000 was made during the three months ended September 30, 2015, compared to a $40,000 provision made during the three months ended September 30, 2014. The allowance for loan losses was $2.6 million, or 0.96% of total loans receivable, at September 30, 2015 compared to $2.3 million, or 0.91%, of total loans receivable at September 30, 2014. At September 30, 2015, Home Federal Bank had four non-performing loans in the aggregate amount of $289,000 and no other non-performing assets or troubled-debt restructurings. At June 30, 2015, Home Federal had two non-performing loans in the amount of $80,000. There can be no assurance that the loan loss allowance will be sufficient to cover losses on non-performing assets in the future.

Non-interest Income

Total non-interest income amounted to $912,000 for the three months ended September 30, 2015, an increase of $283,000 or 45.0% compared to $629,000 for the same period in 2014. The increase was due to an increase of $253,000 in gain on sale of loans and $33,000 in service charges on deposit accounts, partially offset by decreases of $2,000 in other non-interest income, and $1,000 in income on bank owned life insurance compared to the same period in 2014.

Non-interest Expense

Total non-interest expense increased $296,000, or 12.7%, for the three months ended September 30, 2015 compared to the prior year period. The increase in non-interest expense was primarily due to increases of $208,000 in compensation and benefits expense, $29,000 in deposit insurance premiums, $23,000 in other non-interest expense, $18,000 in franchise and bank shares tax expense, $17,000 in loan collection expense, $11,000 in data processing expense, and $10,000 in occupancy and equipment expense. These increases were partially offset by decreases of $14,000 in advertising expense, $3,000 in audit and examination fees, and $3,000 in legal fees.

The increases in compensation and benefits expense were a result of normal compensation and benefits increases, including stock option and recognition and retention plan expense, and the hiring of additional commercial and residential loan officers. The aggregate compensation expense recognized by the Company for its Stock Option, ESOP and Recognition and Retention Plans amounted to $165,000 for the three months ended September 30, 2015, compared to $157,000 for the three months ended September 30, 2014.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Comparison of Operating Results for the Three Month Periods Ended September 30, 2015 and 2014 (continued)

The Louisiana bank shares tax is assessed on the Bank's equity and earnings. For the three months ended September 30, 2015, the Company recognized franchise and bank shares tax expense of $91,000 compared to $73,000 for the same period in 2014.

Income Taxes

Income taxes amounted to $451,000 for the three months ended September 30, 2015, resulting in an effective tax rate of 32.4%. Income taxes amounted to $404,000 for the three months ended September 30, 2014, resulting in an effective tax rate of 32.9%. The decrease in the effective income tax rate for the three months ended September 30, 2015, compared to the prior year period, is primarily the result of the effect of non-taxable income and bad debt deductions resulting in a 0.5% decrease, in rate for the three months ended September 30, 2015.

Average Balances, Net Interest Income, Yields Earned and Rates Paid. The following table shows for the periods indicated the total dollar amount of interest from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Tax-exempt income and yields have not been adjusted to a tax-equivalent basis. All average balances are based on monthly balances. Management does not believe that the monthly averages differ significantly from what the daily averages would be.

	Three Months Ended September 30,							
	2015				2014			
	Average Balance	Interest	Average Yield/ Rate		Average Balance	Interest	Average Yield/ Rate	
	(Dollars In Thousands)							
Interest-earning assets:								
Investment securities	$43,970	$201	1.82	%	$53,820	$245	1.82	%
Loans receivable	284,158	3,636	5.12		252,870	3,307	5.23	
Interest-earning deposits	20,346	8	0.17		4,191	3	0.28	
Total interest-earning assets	348,474	3,845	4.41		310,881	3,555	4.57	
Non-interest-earning assets	23,154				22,595			
Total assets	$371,628				$333,476			
Interest-bearing liabilities:								
Savings accounts	20,169	17	0.35		12,788	6	0.20	
NOW accounts	35,172	77	0.87		26,227	45	0.69	
Money market accounts	47,701	38	0.32		45,002	41	0.36	
Certificate accounts	145,756	473	1.30		125,386	443	1.41	
Total deposits	248,798	605	0.97		209,403	535	1.02	
Other Borrowings	--	--	--		--	--	--	
FHLB advances	30,371	62	0.82		36,608	45	0.49	
Total interest-bearing liabilities	279,169	667	0.96	%	246,011	580	0.94	%
Non-interest-bearing liabilities:								
Non-interest bearing demand accounts	44,087				38,805			
Other liabilities	2,520				2,278			
Total liabilities	325,776				287,094			
Total Stockholders' Equity(1)	45,852				46,382			

Total liabilities and equity	$371,628			$333,476		
Net interest-earning assets	$69,305			$64,870		
Net interest income; average interest rate spread(2)		$3,178	3.45 %		$2,975	3.63 %
Net interest margin(3)			3.65 %			3.83 %
Average interest-earning assets to average interest-bearing liabilities			124.83 %			126.37 %

(1) Includes retained earnings and accumulated other comprehensive loss.
(2) Interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average rate on interest-bearing liabilities.
(3) Net interest margin is net interest income divided by net average interest-earning assets.

Comparison of Operating Results for the Three Month Periods Ended September 30, 2015 and 2014 (continued)

Liquidity and Capital Resources

Home Federal Bank maintains levels of liquid assets deemed adequate by management. The Bank adjusts its liquidity levels to fund deposit outflows, repay its borrowings and to fund loan commitments. Home Federal Bank also adjusts liquidity as appropriate to meet asset and liability management objectives.

Home Federal Bank's primary sources of funds are deposits, amortization and prepayment of loans and mortgage-backed securities, maturities of investment securities and other short-term investments, loan sales and earnings and funds provided from operations. While scheduled principal repayments on loans and mortgage-backed securities are a relatively predictable source of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions and competition. The Bank sets the interest rates on its deposits to maintain a desired level of total deposits. In addition, Home Federal Bank invests excess funds in short-term interest-earning accounts and other assets, which provide liquidity to meet lending requirements. Home Federal Bank's deposit accounts with the Federal Home Loan Bank of Dallas amounted to $1.5 million at September 30, 2015.

A significant portion of Home Federal Bank's liquidity consists of securities classified as available-for-sale and cash and cash equivalents. Home Federal Bank's primary sources of cash are net income, principal repayments on loans and mortgage-backed securities and increases in deposit accounts. If Home Federal Bank requires funds beyond its ability to generate them internally, borrowing agreements exist with the Federal Home Loan Bank of Dallas which provides an additional source of funds. At September 30, 2015, Home Federal Bank had $26.4 million in advances from the Federal Home Loan Bank of Dallas and had $121.1 million in additional borrowing capacity. Additionally, at September 30, 2015, Home Federal Bank was a party to a Master Purchase Agreement with First National Bankers Bank whereby Home Federal Bank may purchase Federal Funds from First National Bankers Bank in an amount not to exceed $15.1 million. There were no amounts purchased under this agreement as of September 30, 2015.

At September 30, 2015, Home Federal Bank had outstanding loan commitments of $32.0 million to originate loans. At September 30, 2015, certificates of deposit scheduled to mature in less than one year totaled $63.5 million. Based on prior experience, management believes that a significant portion of such deposits will remain with us, although there can be no assurance that this will be the case. In addition, the cost of such deposits could be significantly higher upon renewal in a rising interest rate environment. Home Federal Bank intends to utilize its high levels of liquidity to fund its lending activities. If additional funds are required to fund lending activities, Home Federal Bank intends to sell its securities classified as available-for-sale as needed.

At September 30, 2015, Home Federal Bank exceeded each of its regulatory capital requirements with tangible, common equity Tier 1, core and risk-based capital ratios of 11.83%, 17.81%, 11.83% and 18.89%, respectively.

Off-Balance Sheet Arrangements

At September 30, 2015, the Company did not have any off-balance sheet arrangements, as defined by Securities and Exchange Commission rules.

Impact of Inflation and Changing Prices

The financial statements and related financial data presented herein have been prepared in accordance with instructions to Form 10-Q, which require the measurement of financial position and operating results in terms of historical dollars, without considering changes in relative purchasing power over time due to inflation.

Unlike most industrial companies, virtually all of the Company's assets and liabilities are monetary in nature. As a result, interest rates generally have a more significant impact on a financial institution's performance than does the effect of inflation.

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Forward-Looking Statements

This Form 10-Q contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to management. In addition, in those and other portions of this document, the words "anticipate," "believe," "estimate," "except," "intend," "should" and similar expressions, or the negative thereof, as they relate to the Company or the Company's management, are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future looking events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary from those described herein as anticipated, believed, estimated, expected or intended. The Company does not intend to update these forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosures Controls and Procedures. Under the supervision and with the participation of our management, including our Chief Executive Officer and our President and Chief Operating Officer (together, the co-principal executive officers) and our Chief Financial Officer (principal financial officer), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer, the President and Chief Operating Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the applicable time periods specified by the Securities and Exchange Commission's rules and forms.

Changes in Internal Control over Financial Reporting. There has been no change in the Company's internal control over financial reporting during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

The Company is not involved in any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business, which involve amounts in the aggregate believed by management to be immaterial to the financial condition of the Company.

ITEM 1A. RISK FACTORS

Not applicable.

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HOME FEDERAL BANCORP, INC. OF LOUISIANA

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Not applicable.
(b) Not applicable.
(c) Purchases of Equity Securities

The Company's repurchases of its common stock made during the quarter ended September 30, 2015 are set forth in the table below:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (a)
July 1, 2015 – July 31, 2015	--	$ --	--	62,905
August 1, 2015 – August 31, 2015	6,425	21.86	6,425	56,480
September 1, 2015 –September 30, 2015	7,000	21.91	7,000	49,480
Total	13,425	$ 21.89	13,425	49,480

Notes to this table:

(a) On February 11, 2015, the Company announced by press release a repurchase program to repurchase up to 108,000 shares, or approximately 5.0% of the Company's then outstanding shares of common stock. The repurchase program does not have an expiration date.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

No.	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification of Co-Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Co-Principal Executive Officer
31.3	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.0	Certification Pursuant to 18 U.S.C Section 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Date: November 10, 2015 By:/s/Glen W. Brown
Glen W. Brown
Senior Vice President and Chief Financial Officer
(Duly authorized officer and principal financial and accounting officer)