

HILLS BANCORPORATION

SARBANES-OXLEY CODE OF ETHICS

Introduction

The goals of the Sarbanes-Oxley Code of Ethics of Hills Bancorporation (the “Company”) are to foster standards of conduct that will assure that business decisions are made on the basis of honesty and integrity, to promote compliance with the laws, rules and regulations to which the Company is subject, including federal securities laws, and to help safeguard the Company’s assets and opportunities and confidential information entrusted to the Company. It is the intent of the Company that the Company’s Sarbanes-Oxley Code of Ethics shall apply to the Company’s principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar function (the “Officers”). The Company’s Board of Directors may waive compliance with certain policies in particular situations as long as such a waiver is made and disclosed in accordance with the rules of the Securities and Exchange Commission.

Employee Relationships

The Officers should act in accordance with the Company’s standards for excellence in human relationships, which are based on a firm belief in the value and dignity of the individual. The Company seeks to maintain an environment in which everyone can perform effectively and efficiently. These standards can be met only when there is a shared sense of responsibility for the overall performance and well-being of the Company.

Company Property

The Officers are custodians of the Company’s property, and the Company expects that high ethical standards are to be maintained in connection with maintenance and use of the Company’s property. All assets of the Company should be used only for legitimate business purposes.

Conflicts of Interest

The Officers owe a duty of loyalty to the Company, and they are to avoid inappropriate conflicts between their personal interests and the interests of the Company. Thus, the Officers should never place personal gain ahead of the interests of the Company. The Officers should not use Company property, information acquired from or through the Company or their positions to create personal gain or enter into competition with the Company.

To avoid potential conflicts of interest, the Officers will:

- conduct their private and personal activities in a manner which avoids actual or apparent conflicts with the interests of the Company and those with whom it deals.
- not knowingly allow themselves to become involved in a conflict of interest. If and when they discover that such a conflict of interest exists, they are not to allow it to continue.

- not use the Company's name, prestige, influence or purchasing power to obtain discounts, rebates, or special services on purchases made for personal use, other than offers made to all employees of the Company's subsidiary.
- not solicit or accept gifts, entertainment, travel, favors or any other personal benefit of more than a small value, and which are customary and proper under the circumstances in the normal course of business, from any firm doing or seeking to do business or competing with the Company.
- not hold material investments in, and not hold a position as official or director of, another enterprise that is doing or is seeking to do business, compete or provide services, materials, property, or equipment to the Company, unless those circumstances have been fully disclosed to and approved by the Company.
- not divert to themselves or others, directly or indirectly, business opportunities in which the Company might reasonably be expected to have an interest.
- not engage in any outside employment, including self-employment, that may affect their impartiality, objectivity or efficiency in performing work for the Company or that would create an adverse public image.
- review their personal activities from time to time to determine whether a reasonable, disinterested observer would have any ground to believe that responsibilities to the Company are disregarded in favor of personal interests and activities.

Confidential Information

The Officers may have access to confidential or proprietary information of the Company or its subsidiary or customers or suppliers. The obligation to protect confidential information is subject to an exception for disclosures required by law. Inappropriate use or disclosure of some confidential information may violate rules of the Securities and Exchange Commission and could expose both the Company and the individuals involved to significant civil and criminal penalties. Inappropriate use or disclosure of confidential information could adversely affect the interests of the Company or its subsidiary or third parties who deal with the Company or its subsidiary.

In full recognition of the trust placed in the Company and its subsidiary, the Officers should:

- not use or disclose such confidential or sensitive information for personal gain, for the personal gain of others or to the detriment of others.

- protect the confidentiality of information relating to ideas, plans, drawings, documents, research materials and the intentions of the Company and its subsidiary.
- protect confidential information pertaining to personnel, customers and suppliers.
- limit access and disclosure authorization for confidential information to those employees of the Company's subsidiary for whom it is a normal job function or on a "need-to-know" basis.
- attempt to assure that all purchases and sales of Company securities are made in full compliance with the "insider trading" and antifraud rules of the Securities and Exchange Commission.
- not actively trade in, or allow our family members to actively trade in, the securities of the Company or those of another entity based on the material undisclosed information indicating that the value of such securities is likely to be affected by future actions of the Company.

Corporate Records

Complete, accurate and reliable records are essential to efficient management. The Company's compliance with reporting requirements and other standards established by law are equally important. Investors, creditors and other decision makers rely on the Company's records and have a right to information that is adequate, timely and accurate.

In the preparation and maintenance of accurate and adequate records, the Company will:

- comply with generally accepted accounting principles, standards and practices, rules, regulations and controls.
- see that all entries are promptly and accurately recorded and properly documented; no entry is to be made that would intentionally distort or disguise the true nature of any transaction.
- prohibit the establishment of any undisclosed or unrecorded funds or assets for any purpose.
- maintain books and records which will fairly and accurately reflect, in reasonable detail, the Company's business transactions, asset acquisitions and disposal, plus other pertinent activities.
- protect financial and operational data from accidental destruction and comply with record retention procedures.

- expect employees to sign only those documents they believe to be accurate and truthful.
- restrict access to sensitive data such as financial records, customer information and personnel records to deter inappropriate disclosure, modification or destruction.
- devise, implement and maintain sufficient internal controls to provide assurance that record keeping objectives are met.
- provide full, fair, accurate, timely and understandable disclosure in SEC reports and other public communications.

Business Relationships

The Company has a commitment to open and fair dealings with third parties. This characteristic is an essential and highly valued element of the Company's business operations. Therefore, neither the Company and its subsidiary, nor the Officers will intentionally seek advantages over third parties through the use of illegal or unethical business practices.

Compliance

It is the intention of the Company to comply with all applicable laws, rules and regulations. It is the responsibility of the Officers to act within the boundaries of any applicable laws, rules and regulations.

Conclusion

This Sarbanes-Oxley Code of Ethics is intended as a guide to the Officers regarding the philosophy and exceptions of the Company in the ethical conduct of business affairs. The standards contained in the Company's Sarbanes-Oxley Code of Ethics, together with its policies and procedures, are the minimum standards which must be met by the Officers. Any act by one of the Officers which violates these minimum standards is outside that Officer's scope of employment. When in doubt, the Officers have the responsibility to seek clarification from the Board of Directors. Violations of the Company's Sarbanes-Oxley Code of Ethics are grounds for disciplinary action up to and including discharge and legal prosecution. Violations of the Company's Sarbanes-Oxley Code of Ethics are to be reported promptly to the Chairman of the Company's Board of Directors.

Adopted at the Hills Bancorporation Board of Directors Meeting held on July 9, 2013