

CHARTER OF THE GOVERNANCE AND NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS OF HILLS BANCORPORATION

I. Purpose of the Committee

The Governance and Nominating Committee (the “Committee”) shall be comprised of the independent directors of the Board to (1) assist in identifying individuals qualified to become Board members, and to recommend nominees for director (including evaluating candidates recommended by shareholders); (2) recommend the corporate governance guidelines applicable to the Company; (3) oversee an annual review of the Board’s performance; (4) recommend director nominees for each committee; (5) recommend a determination of each outside director’s “independence” under applicable rules and guidelines; (6) oversee the Company’s engagement with stockholders and other interested parties concerning governance and other related matters; (7) oversee reputation risk related to Committee’s responsibilities described in this Charter; and (8) perform such other duties and responsibilities consistent with this Charter.

II. Composition of the Committee

The Committee shall be comprised of every director of the Board who satisfies the criteria for independence under the corporate governance requirements of The Nasdaq Stock Market.

III. Meetings and Procedures

The Chairperson of the Board shall preside at each Committee meeting. In the event the Committee chair is not present at a Committee meeting, the Vice-chair of the Board shall preside at the meeting. A majority of the number of Committee members shall constitute a quorum for the transaction of business, and the action of a majority of those present at a meeting at which a quorum is present shall constitute an act of the Committee.

The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter. The Committee shall meet at least annually and additionally as it deems necessary in order to fulfill its functions, and keep written minutes of its meetings, which shall be recorded and filed with the books and records of the Company.

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of management. The Committee may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

IV. Committee Responsibilities

The responsibilities of the Committee, on behalf of the Board, shall be to:

1. Identify individuals believed to be qualified as candidates to serve on the Board, consistent with criteria approved by the Board, and recommend to the Board the selection of candidates for all directorships to be filled by the Board or by the stockholders at an annual or special meeting. In identifying candidates or nominees for director, or evaluating individuals recommended by stockholders, the Committee shall determine, in its sole discretion, whether an individual meets the minimum qualifications approved by the Board as set forth in section VI. and will consider the current composition of the Board in light of the communities and geographies served by the Company and interplay of the candidate's or nominee's experience, education, skills, background, gender, race, ethnicity and other qualities and attributes with those of the other Board members, as well as such other factors as the Committee deems appropriate.
2. Review and make recommendations, as deemed appropriate, regarding the size of the Board of Directors and matters relating to the retirement of Board members.
3. Consider any offer to resign from a member of the Board and, after considering any factor or other information as the Committee considers appropriate and relevant, recommend to the Board the action to be taken on tendered resignation.
4. Recommend members of the Board to serve on the committees of the Board, giving consideration to the criteria for service on each committee as set forth in the charter for such committee, as well as to any other factors the Committee deems relevant, recommend members of the Board to serve as the Chair of the committees of the Board, and recommend changes to the Board's committee structure and responsibilities, including recommending changes to committee charters, as it deems advisable.
5. Annually review and assess the adequacy of the corporate governance guidelines of the Company and recommend any proposed changes to the Board for approval.
6. Oversee the Company's reputation risk and engagement with stockholders and other interested parties concerning governance and other related matters, and shall work with the Board's other committees on such engagement regarding matters subject to the oversight of such other committees.
7. Review stockholder proposals related to governance matters overseen by the Committee and recommend a response.
8. Direct members of the Company's senior management to report any violations of or non-compliance with the Code of Ethics to the Committee Chair.
9. Be available to members of the Company's senior management team to consult with and to resolve reported employee violations or instances of non-compliance with the Code of Ethics.
10. Determine an appropriate response to material violations of or non-compliance with the Code of Ethics including reporting any material violation of or non-compliance with the Code of Ethics to regulatory authorities.
11. Review requests for any waiver or exception to the Company's Code of Ethics and recommend whether a waiver or exception should be granted.

12. Resolve actual and potential conflicts of interest a Board member may have and advise any such Board member on how to conduct him or herself in matters which may pertain to the conflict.
13. Delegate responsibility to subcommittees and individual members of the Committee as necessary or appropriate.

V. Board-Approved Criteria for Membership on the Board of Directors

In evaluating possible candidates for membership on the Board of Directors, the Board seeks to achieve a balance of knowledge, experience, and capability on the Board and will consider the qualifications of possible candidates based on the criteria described below. Members of the Board should have the highest professional and personal ethics and values, excellent personal and professional reputations, and must satisfy any necessary regulatory requirements to serve as Directors. They should have broad experience at the policy-making level in business, government, education, technology, or public interest. They should be committed to furthering the long-term as well as short-term interest of the Company and its shareholders, and in doing so they should be willing to consider the effect of any action on the Company's shareholders, employees, suppliers, creditors and customers, and on the communities in which the Company and its subsidiary operate. They should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all Directors' duties for the Company. The Board of Directors deems it a requirement that members of the Board reside within the trade area of the Bank and the Company. The Board also directs the Committee to take into consideration Board diversity when evaluating candidates, including experience, gender and ethnicity.

VI. Consideration of Nominees Recommended by Shareholders

The Committee will consider nominees for Board membership recommended by shareholders. In order to be considered for nomination by the Committee in connection with an Annual Meeting of Shareholders, advance notice of the recommendation must be received by the Company no later than 150 days prior to the anniversary of the prior year's Annual Meeting of Shareholders. A shareholder's recommendation should set forth: (i) as to each person whom the shareholder proposes the Committee nominate for election as a Director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director, if elected); and (ii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the recommendation is made, (A) the name and address of such shareholder, as they appear on the Company's books, and of such beneficial owner, (B) the number of shares of Common Stock that are owned (beneficially or of record) by such shareholder and such beneficial owner, (C) a description of all arrangements or understandings between such shareholder and such beneficial owner and any other person or persons (including their names) in connection with the nomination, and (D) a representation that such shareholder or its agent or designee intends to appear in person or by proxy at the annual meeting to place such candidate in nomination for election as a Director.

Nominees recommended by shareholders will be evaluated in the same manner as other nominees. The Committee retains absolute discretion to either approve for nomination or reject any candidate recommended for consideration by a shareholder.

VII. Evaluation of the Committee

The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance.

VIII. Adoption of Charter

This charter was adopted by the Board of Directors on March 10, 2015.