



Board of Governors of the Federal Reserve System



# Annual Report of Holding Companies—FR Y-6

## Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies and top-tier savings and loan holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

I, Dwight O. Seegmiller

Name of the Holding Company Director and Official  
Director and President

Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

*With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.*

Signature of Holding Company Director and Official

6/7/2016

Date of Signature

For holding companies not registered with the SEC—

Indicate status of Annual Report to Shareholders:

- is included with the FR Y-6 report
- will be sent under separate cover
- is not prepared

For Federal Reserve Bank Use Only

RSSD ID  
C.I.

1245291

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2015

Month / Day / Year

N/A

Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Hills Bancorporation

Legal Title of Holding Company

131 Main Street

(Mailing Address of the Holding Company) Street / P.O. Box

Hills

IA

52235

City

State

Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Shari DeMaris

Treasurer

Name

Title

319-679-2102

Area Code / Phone Number / Extension

319-679-5514

Area Code / FAX Number

shari\_demaris@hillsbank.com

E-mail Address

www.hillsbank.com

Address (URL) for the Holding Company's web page

Does the reporter request confidential treatment for any portion of this submission?

Yes Please identify the report items to which this request applies:

In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.

The information for which confidential treatment is sought is being submitted separately labeled "Confidential."

No

**Annual Report of Bank Holding Companies**

**FR Y-6**

**Hills Bancorporation**

**December 31, 2015**

**Hills Bancorporation**

**Hills, Iowa (Hills)**

Incorporated in Iowa (12/6/1982)

No LEI to report

100%

**Hills Bank and Trust Company**

**Hills, Iowa (HB&T)**

Incorporated in Iowa (6/15/1904)

549300ZWA6HRT4N1Z222

Results: A list of branches for your holding company: HILLS BANCORPORATION [1245291] of HILLS, IA.  
 The data are as of 12/31/2015. Data reflects information that was received and processed through 01/07/2016.

**Reconciliation and Verification Steps**

1. In the Data Action column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the Effective Date column.

**Actions**

OK: If the branch information is correct, enter 'OK' in the Data Action column.  
 Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the Data Action column and the date when this information first became valid in the Effective Date column.  
 Close: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.  
 Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.  
 Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Data Action column and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

**Submission Procedure**

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.  
 If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

**Note:**

To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add.  
 The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - <https://y10online.federalreserve.gov>.

\* FDIC UNINUM, Office Number, and ID\_RSSD columns are for reference only. Verification of these values is not required.

Data	Effective	Branch Service Type	Branch	Popular Name	Street Address	City	State	Zip	County	Country	FDIC	Office	Head Office	Head Office	Comments
OK		Full Service (Head Office)	731247	HILLS BANK AND TRUST COMPANY	131 MAIN STREET	HILLS	IA	52235	JOHNSON	UNITED	9163	0	HILLS BANK AND TRUST	731247	
OK		Full Service	3521618	DOWNTOWN BRANCH CR	240 3RD AVENUE SOUTHEAST	CEDAR RAPIDS	IA	52401	LINN	UNITED	6472	6	HILLS BANK AND TRUST	731247	
OK		Full Service	4160199	NORTHEAST CR BRANCH	3905 BLAIRS FERRY ROAD NORTHEAST	CEDAR RAPIDS	IA	52402	LINN	UNITED	488142	14	HILLS BANK AND TRUST	731247	
OK		Full Service	3521627	SOUTHWEST CR BRANCH	3610 WILLIAMS BOULEVARD	CEDAR RAPIDS	IA	52404	LINN	UNITED	363342	10	HILLS BANK AND TRUST	731247	
OK		Full Service	211141	CORALVILLE BRANCH	1009 2ND STREET	CORALVILLE	IA	52241	JOHNSON	UNITED	11861	2	HILLS BANK AND TRUST	731247	
OK		Full Service	3521609	EASTSIDE BRANCH	2621 MUSCATINE AVENUE	IOWACITY	IA	52240	JOHNSON	UNITED	231889	5	HILLS BANK AND TRUST	731247	
OK		Full Service	2097880	IOWA CITY BRANCH	1401 SOUTH GILBERT STREET	IOWA CITY	IA	52240-4	JOHNSON	UNITED	231858	1	HILLS BANK AND TRUST	731247	
OK		Full Service	1976782	OLD CAPITOL MALL BRANCH	201 SOUTH CLINTON STREET	IOWACITY	IA	52240	JOHNSON	UNITED	277536	4	HILLS BANK AND TRUST	731247	
OK		Full Service	4612625	U OF I HOSPITAL BRANCH	200 HAWKINS DRIVE	IOWACITY	IA	52242	JOHNSON	UNITED	Not Required	Not Required	HILLS BANK AND TRUST	731247	
OK		Full Service	4612634	U OF I MEMORIAL UNION BRANCH	125 NORTH MADISON STREET	IOWACITY	IA	52245	JOHNSON	UNITED	Not Required	Not Required	HILLS BANK AND TRUST	731247	
OK		Full Service	2450627	120 5TH STREET BRANCH	120 5TH STREET	KALONA	IA	52247	WASHINGTON	UNITED	57120	9	HILLS BANK AND TRUST	731247	
OK		Full Service	672742	103 W MAIN STREET BRANCH	103 WEST MAIN STREET	LISBON	IA	52253	LINN	UNITED	221894	8	HILLS BANK AND TRUST	731247	
OK		Full Service	3183762	800 11TH STREET BRANCH	800 11TH STREET	MARION	IA	52302	LINN	UNITED	366312	11	HILLS BANK AND TRUST	731247	
OK		Full Service	3521636	MOUNT VERNON BRANCH	720 1ST AVENUE SOUTHEAST	MOUNT	IA	52314	LINN	UNITED	221893	7	HILLS BANK AND TRUST	731247	
OK		Full Service	2145325	NORTH LIBERTY BRANCH	25 HIGHWAY 965 NORTH	NORTH LIBERTY	IA	52317	JOHNSON	UNITED	243148	3	HILLS BANK AND TRUST	731247	
OK		Full Service	4522247	NORTH LIBERTY FOREVERGREEN	590 WEST FOREVERGREEN ROAD	NORTH LIBERTY	IA	52317	JOHNSON	UNITED	528887	16	HILLS BANK AND TRUST	731247	
OK		Full Service	4874647	WASHINGTON OFFICE	2481 HIGHWAY 92 EAST	WASHINGTON	IA	52353	WASHINGTON	UNITED	Not Required	Not Required	HILLS BANK AND TRUST	731247	
OK		Full Service	3680757	WELLMAN BRANCH	229 8TH AVENUE	WELLMAN	IA	52356	WASHINGTON	UNITED	456277	13	HILLS BANK AND TRUST	731247	

ANNUAL REPORT OF BANK HOLDING COMPANIES - FR Y-6  
HILLS BANCORPORATION  
December 31, 2015

Report Item 3: Shareholders

Hills Bancorporation:

(1) Listed below is each shareholder, of record, that directly or indirectly owns, controls, or holds with power 5 percent or more of any class of voting securities of Hills Bancorporation:

<u>Name and Address of Beneficial Owner</u>	<u>Total Shares Beneficially Owned</u>	<u>Of Such Beneficial Ownership, Amounts to Which the Beneficial Owner Has:</u>		<u>Percent of Class</u>
		<u>Sole Voting and Investment Power</u>	<u>Shared Voting and Investment Power</u>	
Hills Bank and Trust Company, as Trustee of the Hills Bank and Trust Company Employees Stock Ownership Plan 131 Main Street Hills, Iowa 52235	844,088	-0-	419,044	9.05%

(2) None

ANNUAL REPORT OF BANK HOLDING COMPANIES - FR Y-6  
HILLS BANCORPORATION  
December 31, 2015

Report Item 4: Insiders

Hills Bancorporation

<u>Name</u> (3)	<u>Position with Hills Bancorporation and Principal Occupation</u>	<u>Number of Shares Owned Beneficially of Hills Bancorporation</u>	<u>Percent of Class</u>
<b>Principal Shareholders:</b>			
Hills Bank and Trust Company, as Trustee of the Hills Bank Company Employees Stock Ownership Plan Hills, Iowa	Not applicable	844,088	9.05%
<b>Directors:</b>			
Michael S. Donovan Iowa City, Iowa	Director of Hills Bancorporation, Hills Bank and Trust Company; Farmer and President of Donovan & Sons, Ltd, a local Johnson County, Iowa family farm corporation, and partner in PVP1, LLP, a local pork production operation.	22,658(1)	0.24%
Thomas J. Gill, D.D.S. Coralville, Iowa	Director of Hills Bancorporation, Hills Bank and Trust Company; Dentist, private practice in Coralville, IA	21,314	0.23%
Michael E. Hodge Iowa City, Iowa	Director of Hills Bancorporation, Hills Bank and Trust Company; President and shareholder of Hodge Construction Company, an Iowa City, IA business.	19,936(1)	.21%
Emily A. Hughes Iowa City, Iowa	Director of Hills Bancorporation, Hills Bank and Trust Company; Professor and Attorney, University of Iowa College of Law since 2011. Associate professor and tenured professor at Washington University of Law (2006-2011), Seattle, WA.	238,624(3)	2.56%
James A. Nowak Cedar Rapids, Iowa	Director of Hills Bancorporation, Hills Bank and Trust Company; Partner -McGladrey & Pullen, LLP (retired 2004), Cedar Rapids, IA	11,020(1)	.12%

ANNUAL REPORT OF BANK HOLDING COMPANIES - FR Y-6  
HILLS BANCORPORATION  
December 31, 2015

Report Item 4: Directors and Officers - continued

<u>Name</u> (3)	<u>Position with Hills Bancorporation and Principal Occupation</u>	<u>Number of Shares Owned Beneficially of Hills Bancorporation</u>	<u>Percent of Class</u>
Theodore H. Pacha Iowa City, Iowa	Director of Hills Bancorporation, Hills Bank and Trust Company; Vice President of Hills Bancorporation; President and owner THEO Resources, LLC, a business investment and consulting Company in Iowa City, IA, May 1999 to present. Former President and co-owner of Duffy's Collectible Cars in Cedar Rapids, IA .	26,180	0.28%
John W. Phelan Cedar Rapids, Iowa	Director of Hills Bancorporation, Hills Bank and Trust Company; Broadcast Media Consultant.	11,328(1)	0.12%
Ann Marie Rhodes Iowa City, Iowa	Director of Hills Bancorporation, Hills Bank and Trust Company; The University of Iowa- Clinical Associate Professor of Nursing and Instructor College of Law.	500	0.01%
Dwight Seegmiller Iowa City, Iowa	President and Director of Hills Bancorporation, Hills Bank and Trust Company.	254,003(2)	2.72%
Thomas R. Wiele Nichols, Iowa	Director of Hills Bancorporation, Hills Bank and Trust Company; President, Dealer and Operator of Wiele Motor Company, located in West Liberty and Columbus Junction, Iowa.	1,680	0.02%

ANNUAL REPORT OF BANK HOLDING COMPANIES - FR Y-6  
HILLS BANCORPORATION  
December 31, 2015

Report Item 4: Directors and Officers - continued

<u>Name</u> (3)	<u>Position with Hills Bancorporation and Principal Occupation</u>	<u>Number of Shares Owned Beneficially of Hills Bancorporation</u>	<u>Percent of Class</u>
Sheldon E. Yoder, D.V.M. Kalona, Iowa	Director of Hills Bancorporation, Hills Bank and Trust Company; President and shareholder of Kalona Veterinary Clinic, P.C. located in Kalona, IA.	23,000	.25%
Shari J. DeMaris Iowa City, Iowa	Secretary and Treasurer of Hills Bancorporation; Hills Bank and Trust Company, Senior Vice President and Chief Financial Officer.	7,673(2)	0.08%
Timothy D. Finer Iowa City, Iowa	Hills Bank and Trust Company, Senior Vice President, Director of Real Estate Lending.	36,950(2)	0.40%
Marty J. Maiers Iowa City, Iowa	Hills Bank and Trust Company, Senior Vice President, Director of Retail Banking.	47,422(2)	0.51%
Steven R. Ropp Iowa City, Iowa	Hills Bank and Trust Company, Senior Vice President, Director of Commercial Banking.	34,917(2)	0.37%
Bradford C. Zuber Amana, Iowa	Hills Bank and Trust Company, Senior Vice President, Director of Trust Services	44,482(2)	0.48%

ANNUAL REPORT OF BANK HOLDING COMPANIES - FR Y-6  
HILLS BANCORPORATION  
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Report Item 4: Directors and Officers - continued

- (1) This figure includes shares subject to currently exercisable stock options granted pursuant to the 2010 Stock Option and Incentive Plan. For Directors, the options will expire ten years after the grant date or two years after the director's term of service on the Board of Directors of the Company ends, whichever occurs first. For Non-Director Executive Officers, the options expire ten years after the grant date. Details of the stock options are as follows:

Name	Grant Date	Number of Options	Exercise Price	Expiration Date
Michael S. Donovan	05/01/07	4,580	\$26.00	05/01/17
John W. Phelan	05/01/07	4,580	26.00	05/01/07

- (2) This figure includes shares held by the Bank's ESOP which have been allocated to the executive officers for voting purposes. The following numbers of shares have been allocated under the ESOP to the executive officers for voting purposes as follows:

Name	ESOP Shares
Shari J. DeMaris	1,685
Timothy D. Finer	26,450
Marty J. Maiers	39,012
Steven R. Ropp	20,037
Dwight O. Seegmiller	89,659
Bradford C. Zuber	28,164

- (3) This figure includes 200,000 shares owned in a limited partnership of which Director Hughes is a general partner. Ms. Hughes has shared voting and investment power in the limited partnership.

ANNUAL REPORT OF BANK HOLDING COMPANIES - FR Y-6  
HILLS BANCORPORATION  
December 31, 2015

Report Item 4: Directors and Officers, continued

Listed below are the responses for the directors to question 3(c)

<u>Name and Year First Became a Director</u>	<u>Positions and Offices Held With Company</u>	<u>Principal Occupation or Employment During the Past Five Years, Other Companies of 25% or More Ownership and Education Pertaining to Board of Director Qualifications</u>
Michael S. Donovan 2007 – Company 2007 – Bank	Director	Farmer and President of Donovan & Sons, Ltd., a local Johnson County, IA family farm corporation, and partner in PVP1, LLP, a local pork production operation. Mr. Donovan is a graduate of Northern Iowa Area Community College.
Thomas J. Gill, D.D.S. 1993 – Company 1993 – Bank	Director	Dentist - private practice in Coralville, IA since 1980. Dr. Gill is a graduate of the University of Iowa College of Dentistry.
Michael E. Hodge 2000 – Company 2000 – Bank	Director	President and shareholder of Hodge Construction Company, an Iowa City, IA business. Mr. Hodge obtained a BS in civil engineering from the University of Iowa.
Emily A. Hughes 2012 – Company 2012 – Bank	Director	Professor and Attorney, University of Iowa College of Law since 2011. From 2006 to 2011, associate professor and tenured professor at Washington University of Law. Ms. Hughes obtained her law degree from the University of Michigan Law School.
James A. Nowak Company 2004 – Bank	Director	Partner – McGladrey & Pullen, LLP (retired 2004 to 2004), Cedar Rapids, Iowa. Mr. Nowak is a graduate of the University of Wisconsin and a certified public accountant.
Theodore H. Pacha 1990 – Company 1990 – Bank	Director & Vice President	President and owner of THEO Resources LLC, a business investment and consulting company in Iowa City, IA, May, 1999 to present. Former President and co-owner of Duffy's Collectible Cars in Cedar Rapids, IA. Mr. Pacha previously founded and owned Hawkeye Medical Supply, Inc., a medical supply Company, located in Iowa City, IA, until its sale in 1998.

ANNUAL REPORT OF BANK HOLDING COMPANIES - FR Y-6  
HILLS BANCORPORATION  
December 31, 2015

Report Item 4: Directors and Officers, continued

<u>Name and Year First Became a Director</u>	<u>Positions and Offices Held With Company</u>	<u>Principal Occupation or Employment During the Past Five Years</u>
John W. Phelan 2007 – Company 2007 – Bank	Director	Broadcast Media Consultant; Former General Sales Manager with KZIA Z102.9 and KGYM 1600 ESPN radio stations (2010 – 2011); previously Vice President and General Manager of local Television Company, d/b/a KCRG-TV9 in Cedar Rapids Rapids, Iowa, the local ABC affiliate.
Ann Marie Rhodes 1993 – Company 1993 – Bank	Director	Clinical Associate Professor of Nursing and Instructor College of Law, University of Iowa. Ms. Rhodes obtained a nursing degree from The College of Saint Teresa and a masters in nursing from the University of Iowa. In addition, Ms. Rhodes received her law degree from the University of Iowa College of Law.
Dwight O. Seegmiller 1986 – Company 1986 – Bank	Director and President	President of the Company and of its subsidiary, Hills Bank and Trust Company from January, 1986 to present; Senior Vice President of Lending from from January 1985 to January, 1986; Vice President and loan officer from June, 1980 to January, 1985. Mr. Seegmiller is a graduate of Iowa State University's Agricultural Business Honors Program and the Stonier Graduate School of Banking at Rutgers University.
Thomas R. Wiele 2012 – Company 2012 – Bank	Director	President, Dealer and Operator of Wiele Motor Company, located in West Liberty and Columbus Junction, Iowa.
Sheldon E. Yoder, D.V.M 1997 – Company 1997 – Bank	Director	President and shareholder of Kalona Veterinary Clinic, P.C., located in Kalona, IA. Dr. Yoder is a graduate of the Iowa State University College of Veterinary Medicine. He has been President of Kalona Veterinary Clinic since 1978.