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**STATE OF CALIFORNIA**  
**BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY**  
**DEPARTMENT OF BUSINESS OVERSIGHT**

TO: Hills Bancorporation  
131 East Main Street  
Hills, Iowa 52235

**DESIST AND REFRAIN ORDER**

**(For violations of Corporations Code section 25110)**

The California Commissioner of Business Oversight (Commissioner) finds that:

1. Hills Bancorporation (Hills Bancorporation) is a registered bank holding company that wholly owns Hills Bank and Trust Company, which engages in commercial banking. Its principal place of business is 131 East Main Street, Hills, Iowa 52235.

2. In a 2011 offering, Hills Bancorporation sold 1,320 shares of common stock to six residents of the State of California at the offering price of \$63.00 per share (California Sales). The purpose of the offering was to further capitalize the Bank, to allow for periodic repurchases of common stock to create liquidity for shareholders as necessary, for working capital and other general corporate purposes, and to fund potential future acquisition opportunities.

3. The California Sales were offered or sold in this state in issuer transactions. The Department of Business Oversight had not issued a permit or other form of qualification authorizing any person to offer or sell these securities in this state pursuant to the California Securities Law of 1968.

Based upon the foregoing findings, the Commissioner of Business Oversight is of the opinion that the stock offered or sold by Hills Bancorporation are securities subject to qualification under the California Corporate Securities Law of 1968 and are being or have been offered or sold without being qualified in violation of Corporations Code section 25110. Pursuant to Corporations Code section 25532, Hills Bancorporation is hereby ordered to desist and refrain from the further offer or sale in the State of California of securities, including but not limited to shares of common stock, unless and until qualification has been made under the law or unless exempt.

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This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: March 7, 2017  
Los Angeles, California

JAN LYNN OWEN  
Commissioner Business Oversight

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division