

SECURITIES AND EXCHANGE COMMISSION

FORM 13F-HR

Initial quarterly Form 13F holdings report filed by institutional managers

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Hillstrust

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 13F
FORM 13F COVER PAGE

Report for the Calendar Year or Quarter Ended: 12/31/2012

Check here if Amendment Amendment Number:
 This Amendment is a restatement
 adds new holding entries

Institutional Investment Manager Filing this Report:

Name: HILLS BANK AND TRUST COMPANY
 Address: 590 WEST FOREVERGREEN ROAD
 NORTH LIBERTY, IA 52317

13F File Number: 28-11079

The institutional investment Manager filing this report and the person by whom it is signed hereby represent that the person signing the report is authorized to submit it, that all information contained herein is true, correct and complete, and that it is understood that all required items, statements, schedules, lists, and tables, are considered integral parts of this form.

Person Signing this Report on Behalf of Reporting Manager:

Name: JONI MCFARLAND
 Title: VP, TRUST OPERATIONS
 Phone: 319-665-5778
 Signature, Place, and Date of Signing:

1 NORTH LIBERTY IOWA 01/09/2013

Report Type (Check only one)
 13F HOLDINGS REPORT
 13F NOTICE
 13F COMBINATION REPORT

I AM SIGNING THIS REPORT AS REQUIRED BY THE SECURITIES EXCHANGE ACT OF 1934

FORM 13F SUMMARY PAGE

Report Summary:

Number of Other Included Managers: 1
 Form 13F Information Table Entry Total: 106
 Form 13F Information Table Value Total: \$ 167,144

List of Other Included Managers:

| No. | 13F File Number | Name |
|-----|-----------------|------------------------------|
| 1 | 028-11079 | HILLS BANK AND TRUST COMPANY |
| | | <C> |

FORM 13F INFORMATION TABLE

| NAME OF ISSUER | TITLE OF CLASS | CUSIP | VALUE (X \$1000) | SHARES/ PRN | SH/ AMOUNT | PUT/ CALL | INVTMT DISCRTN | OTHER MANAGERS | VOTING AUTHORITY |
|-------------------------------|----------------|-----------|------------------|-------------|------------|-----------|----------------|----------------|------------------|
| | | | | | | | | | SOLE SHARED NONE |
| AFLAC INC | COM | 001055102 | 268 | 5050 | SH | | DEFINED | | 3300 |
| | | | | | | | DEFINED | 1 | 1750 |
| AT&T | COM | 00206R102 | 2291 | 67961 | SH | | DEFINED | | 17247 |
| | | | | | | | DEFINED | 1 | 50714 |
| ABBOTT LABORATORIES | COM | 002824100 | 322 | 4919 | SH | | DEFINED | | 490 |
| | | | | | | | DEFINED | 1 | 4429 |
| ADVANCED CELL TECHNOLOGY INC | COM | 00752K105 | 1 | 25000 | SH | | DEFINED | | 25000 |
| ALLIANT ENERGY CORP | COM | 018802108 | 525 | 11956 | SH | | DEFINED | | 1250 |
| | | | | | | | DEFINED | 1 | 10706 |
| AMERICAN EXPRESS | COM | 025816109 | 437 | 7600 | SH | | DEFINED | | 5650 |
| | | | | | | | DEFINED | 1 | 1950 |
| APPLE INC | COM | 037833100 | 876 | 1646 | SH | | DEFINED | | 277 |
| | | | | | | | DEFINED | 1 | 1369 |
| AUTOMATIC DATA PROCESSING INC | COM | 053015103 | 327 | 5750 | SH | | DEFINED | | 4650 |

| | | | | | | | | |
|--------------------------------|-----|-----------|------|-----------|---------|---------|--------|------|
| | | | | | | DEFINED | 1 | 1100 |
| BECTON DICKINSON & CO | COM | 075887109 | 2 | 25 SH | SOLE | 1 | 25 | |
| BECTON DICKINSON & CO | COM | 075887109 | 1152 | 14733 SH | DEFINED | | 5565 | |
| | | | | | DEFINED | 1 | 9168 | |
| BERKSHIRE HATHAWAY CLASS | COM | 084670108 | 1072 | 8 SH | DEFINED | | 6 | |
| | | | | | DEFINED | 1 | 2 | |
| BLACKROCK | COM | 09251A104 | 90 | 12500 SH | DEFINED | 1 | 12500 | |
| BRINKER INTERNATIONAL INC | COM | 109641100 | 677 | 21830 SH | DEFINED | | 7190 | |
| | | | | | DEFINED | 1 | 14640 | |
| C H ROBINSON | COM | 12541W209 | 2 | 25 SH | SOLE | 1 | 25 | |
| C H ROBINSON | COM | 12541W209 | 1246 | 19716 SH | DEFINED | | 7080 | |
| | | | | | DEFINED | 1 | 12636 | |
| CHEVRON CORP | COM | 166764100 | 639 | 5910 SH | DEFINED | | 1290 | |
| | | | | | DEFINED | 1 | 4620 | |
| CLOROX COMPANY | COM | 189054109 | 1281 | 17501 SH | DEFINED | | 6530 | |
| | | | | | DEFINED | 1 | 10971 | |
| THE COCA-COLA COMPANY | COM | 191216100 | 214 | 5892 SH | DEFINED | | 1500 | |
| | | | | | DEFINED | 1 | 4392 | |
| COGNIZANT TECHNOLOGY SOLUTIONS | COM | 192446102 | 477 | 6461 SH | DEFINED | | 5100 | |
| | | | | | DEFINED | 1 | 1361 | |
| COMCAST CORP | COM | 20030N200 | 399 | 11120 SH | DEFINED | | 9515 | |
| | | | | | DEFINED | 1 | 1605 | |
| DEERE & CO | COM | 244199105 | 568 | 6573 SH | DEFINED | | 4205 | |
| | | | | | DEFINED | 1 | 2368 | |
| DENTSPLY INTERNATIONAL | COM | 249030107 | 0 | 20 SH | SOLE | 1 | 20 | |
| DENTSPLY INTERNATIONAL | COM | 249030107 | 1892 | 47759 SH | DEFINED | | 18264 | |
| | | | | | DEFINED | 1 | 29495 | |
| DIAGEO PLC SP5D ADR | FOR | 25243Q205 | 236 | 2025 SH | DEFINED | | 1675 | |
| | | | | | DEFINED | 1 | 350 | |
| DONALDSON | COM | 257651109 | 2 | 70 SH | SOLE | 1 | 70 | |
| DONALDSON | COM | 257651109 | 2638 | 80325 SH | DEFINED | | 30990 | |
| | | | | | DEFINED | 1 | 49335 | |
| DUKE ENERGY CORP | COM | 26441C204 | 433 | 6794 SH | DEFINED | | 1291 | |
| | | | | | DEFINED | 1 | 5503 | |
| EBAY INC | COM | 278642103 | 3 | 50 SH | SOLE | 1 | 50 | |
| EBAY INC | COM | 278642103 | 1926 | 37771 SH | DEFINED | | 12470 | |
| | | | | | DEFINED | 1 | 25301 | |
| EMERSON ELECTRIC COMPANY | COM | 291011104 | 1 | 25 SH | SOLE | 1 | 25 | |
| EMERSON ELECTRIC COMPANY | COM | 291011104 | 2095 | 39551 SH | DEFINED | | 13210 | |
| | | | | | DEFINED | 1 | 26341 | |
| EXPRESS SCRIPTS HLDG CO | COM | 30219G108 | 732 | 13552 SH | DEFINED | | 11500 | |
| | | | | | DEFINED | 1 | 2052 | |
| EXXON MOBIL CORP | COM | 30231G102 | 2 | 25 SH | SOLE | 1 | 25 | |
| EXXON MOBIL CORP | COM | 30231G102 | 4416 | 51024 SH | DEFINED | | 20314 | |
| | | | | | DEFINED | 1 | 30710 | |
| FASTENAL CO | COM | 311900104 | 5556 | 119109 SH | DEFINED | | 44355 | |
| | | | | | DEFINED | 1 | 74754 | |
| FISERV | COM | 337738108 | 2 | 30 SH | SOLE | 1 | 30 | |
| FISERV | COM | 337738108 | 2869 | 36304 SH | DEFINED | | 14317 | |
| | | | | | DEFINED | 1 | 21987 | |
| GENERAL ELECTRIC CO | COM | 369604103 | 920 | 43840 SH | DEFINED | | 30600 | |
| | | | | | DEFINED | 1 | 13240 | |
| GENERAL MILLS INC | COM | 370334104 | 1362 | 33705 SH | DEFINED | | 13101 | |
| | | | | | DEFINED | 1 | 20604 | |
| HOME DEPOT INC | COM | 437076102 | 3858 | 62375 SH | DEFINED | | 23228 | |
| | | | | | DEFINED | 1 | 39147 | |
| ILLINOIS TOOL WORKS INC | COM | 452308109 | 4114 | 67654 SH | DEFINED | | 23434 | |
| | | | | | DEFINED | 1 | 44220 | |
| INTEL CORP | COM | 458140100 | 2 | 100 SH | SOLE | 1 | 100 | |
| INTEL CORP | COM | 458140100 | 3395 | 164656 SH | DEFINED | | 65209 | |
| | | | | | DEFINED | 1 | 99447 | |
| INTERCONTINENTAL EXCHANGE INC | COM | 45865V100 | 1552 | 12532 SH | DEFINED | | 4115 | |
| | | | | | DEFINED | 1 | 8417 | |
| IBM | COM | 459200101 | 5116 | 26706 SH | DEFINED | | 8485 | |
| | | | | | DEFINED | 1 | 18221 | |
| ISHARES | FOR | 464286657 | 2132 | 52213 SH | DEFINED | | 21230 | |
| | | | | | DEFINED | 1 | 30983 | |
| ISHARES | MUT | 464287176 | 220 | 1815 SH | DEFINED | | 375 | |
| | | | | | DEFINED | 1 | 1440 | |
| ISHARES | COM | 464287465 | 90 | 1575 SH | SOLE | 1 | 1575 | |
| ISHARES | COM | 464287465 | 9680 | 170248 SH | DEFINED | | 68029 | |
| | | | | | DEFINED | 1 | 102209 | |
| | | | | | DEFINED | 1 | | |
| ISHARES | COM | 464287804 | 1116 | 14295 SH | DEFINED | | 2950 | |
| | | | | | DEFINED | 1 | 11345 | |
| ISHARES | COM | 464288786 | 2271 | 68840 SH | DEFINED | | 24040 | |
| | | | | | DEFINED | 1 | 44800 | |
| ISHARES | COM | 464288828 | 1394 | 20364 SH | DEFINED | | 7944 | |
| | | | | | DEFINED | 1 | 12420 | |
| J P MORGAN CHASE & CO | COM | 46625H100 | 1529 | 34785 SH | DEFINED | | 12520 | |
| | | | | | DEFINED | 1 | 22265 | |
| JOHNSON & JOHNSON INC | COM | 478160104 | 2 | 25 SH | SOLE | 1 | 25 | |

| | | | | | | |
|--------------------------------|-----|-----------|-------|-----------|-----------|--------|
| JOHNSON & JOHNSON INC | COM | 478160104 | 4021 | 57355 SH | DEFINED | 25235 |
| | | | | | DEFINED 1 | 32120 |
| MDU RESOURCES GROUP INC | COM | 552690109 | 251 | 11800 SH | DEFINED | 150 |
| | | | | | DEFINED 1 | 11650 |
| MC DONALD'S CORPORATION | COM | 580135101 | 4 | 50 SH | SOLE 1 | 50 |
| MC DONALD'S CORPORATION | COM | 580135101 | 2637 | 29892 SH | DEFINED | 12316 |
| | | | | | DEFINED 1 | 17576 |
| MCKESSON CORP. | COM | 58155Q103 | 485 | 5000 SH | DEFINED | 5000 |
| MICROSOFT CORPORATION | COM | 594918104 | 2873 | 107576 SH | DEFINED | 41573 |
| | | | | | DEFINED 1 | 66003 |
| MIDDLEBY CORP | COM | 596278101 | 250 | 1950 SH | DEFINED | 1650 |
| | | | | | DEFINED 1 | 300 |
| NEXTERA ENERGY INC | COM | 65339F101 | 222 | 3212 SH | DEFINED | 798 |
| | | | | | DEFINED 1 | 2414 |
| NIKE INC CLASS B | COM | 654106103 | 3 | 50 SH | SOLE 1 | 50 |
| NIKE INC CLASS B | COM | 654106103 | 2354 | 45617 SH | DEFINED | 17564 |
| | | | | | DEFINED 1 | 28053 |
| NOVARTIS A G | FOR | 66987V109 | 1694 | 26758 SH | DEFINED | 10549 |
| | | | | | DEFINED 1 | 16209 |
| OMNICOM GROUP | COM | 681919106 | 1560 | 31224 SH | DEFINED | 11125 |
| | | | | | DEFINED 1 | 20099 |
| PEPSICO | COM | 713448108 | 2 | 25 SH | SOLE 1 | 25 |
| PEPSICO | COM | 713448108 | 5063 | 73988 SH | DEFINED | 28550 |
| | | | | | DEFINED 1 | 45438 |
| PFIZER INC | COM | 717081103 | 375 | 14939 SH | DEFINED | 4157 |
| | | | | | DEFINED 1 | 10782 |
| PHILIP MORRIS INTL INC | COM | 718172109 | 302 | 3615 SH | DEFINED | 200 |
| | | | | | DEFINED 1 | 3415 |
| POWERSHARES | COM | 73935X856 | 889 | 38918 SH | DEFINED | 13325 |
| | | | | | DEFINED 1 | 25593 |
| T ROWE PRICE GROUP | COM | 74144T108 | 2 | 25 SH | SOLE 1 | 25 |
| T ROWE PRICE GROUP | COM | 74144T108 | 2786 | 42787 SH | DEFINED | 16975 |
| | | | | | DEFINED 1 | 25812 |
| PROCTER & GAMBLE CO | COM | 742718109 | 2 | 25 SH | SOLE 1 | 25 |
| PROCTER & GAMBLE CO | COM | 742718109 | 11662 | 171770 SH | DEFINED | 59477 |
| | | | | | DEFINED 1 | 112293 |
| STANDARD & POOR'S DEPOSITORY | COM | 78462F103 | 10392 | 72970 SH | DEFINED | 22720 |
| | | | | | DEFINED 1 | 50250 |
| SPDR | COM | 78464A748 | 0 | 25 SH | SOLE 1 | 25 |
| SPDR | COM | 78464A748 | 1178 | 34026 SH | DEFINED | 10980 |
| | | | | | DEFINED 1 | 23046 |
| STANDARD & POORS | COM | 78467Y107 | 118 | 635 SH | SOLE 1 | 635 |
| STANDARD & POORS | COM | 78467Y107 | 13797 | 74295 SH | DEFINED | 27318 |
| | | | | | DEFINED 1 | 46967 |
| | | | | | DEFINED 1 | |
| SCHLUMBERGER LTD | COM | 806857108 | 250 | 3604 SH | DEFINED | 2250 |
| | | | | | DEFINED 1 | 1354 |
| SECTOR SPDR TR | COM | 81369Y100 | 4067 | 108342 SH | DEFINED | 39650 |
| | | | | | DEFINED 1 | 68692 |
| SECTOR SPDR TR | COM | 81369Y506 | 5 | 70 SH | SOLE 1 | 70 |
| SECTOR SPDR TR | COM | 81369Y506 | 8543 | 119620 SH | DEFINED | 41840 |
| | | | | | DEFINED 1 | 77780 |
| SECTOR SPDR TR | COM | 81369Y886 | 1306 | 37388 SH | DEFINED | 12245 |
| | | | | | DEFINED 1 | 25143 |
| THE SOUTHERN COMPANY | COM | 842587107 | 214 | 4992 SH | DEFINED | 576 |
| | | | | | DEFINED 1 | 4416 |
| STATE STREET CORP COM | COM | 857477103 | 1743 | 37078 SH | DEFINED | 13337 |
| | | | | | DEFINED 1 | 23741 |
| STERICYCLE INC | COM | 858912108 | 5 | 50 SH | SOLE 1 | 50 |
| STERICYCLE INC | COM | 858912108 | 500 | 5365 SH | DEFINED | 4170 |
| | | | | | DEFINED 1 | 1195 |
| SUN LIFE FINANCIAL - THIS IS A | FOR | 866796105 | 584 | 22000 SH | DEFINED 1 | 22000 |
| SUNCOR ENERGY INC | FOR | 867224107 | 368 | 11150 SH | DEFINED | 9150 |
| | | | | | DEFINED 1 | 2000 |
| TARGET CORP | COM | 87612E106 | 1 | 25 SH | SOLE 1 | 25 |
| TARGET CORP | COM | 87612E106 | 2164 | 36566 SH | DEFINED | 12899 |
| | | | | | DEFINED 1 | 23667 |
| TEVA PHARMACEUTICAL INDUST LTD | FOR | 881624209 | 4 | 100 SH | SOLE 1 | 100 |
| TEVA PHARMACEUTICAL INDUST LTD | FOR | 881624209 | 2013 | 53910 SH | DEFINED | 21644 |
| | | | | | DEFINED 1 | 32266 |
| THERMO FISHER SCIENTIFIC INC | COM | 883556102 | 3 | 50 SH | SOLE 1 | 50 |
| THERMO FISHER SCIENTIFIC INC | COM | 883556102 | 1461 | 22905 SH | DEFINED | 8220 |
| | | | | | DEFINED 1 | 14685 |
| US BANCORP | COM | 902973304 | 1401 | 43859 SH | DEFINED | 6640 |
| | | | | | DEFINED 1 | 37219 |
| UNION PACIFIC | COM | 907818108 | 292 | 2321 SH | DEFINED | 1825 |
| | | | | | DEFINED 1 | 496 |
| VANGUARD | COM | 92204A306 | 205 | 2000 SH | DEFINED 1 | 2000 |
| VERIZON COMMUNICATIONS INC | COM | 92343V104 | 646 | 14939 SH | DEFINED | 9500 |
| | | | | | DEFINED 1 | 5439 |
| WALMART | COM | 931142103 | 299 | 4379 SH | DEFINED | 2000 |
| | | | | | DEFINED 1 | 2379 |

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|------------------|-----|-----------|------|----------|---------|---|-------|
| WELLS FARGO & CO | COM | 949746101 | 2 | 50 SH | SOLE | 1 | 50 |
| WELLS FARGO & CO | COM | 949746101 | 3206 | 93811 SH | DEFINED | | 30332 |
| | | | | | DEFINED | 1 | 63479 |
| YUM BRANDS INC | COM | 988498101 | 282 | 4240 SH | DEFINED | | 2590 |
| | | | | | DEFINED | 1 | 1650 |
| AON PLC | COM | G0408V102 | 236 | 4250 SH | DEFINED | | 3250 |
| | | | | | DEFINED | 1 | 1000 |

</TABLE>