

National Bank Holdings Corp
Form DEF 14A
March 27, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

National Bank Holdings Corporation

(Name of the Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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1. Amount Previously Paid:

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3. Filing Party:

4. Date Filed:



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7800 East Orchard Road, Suite 300
Greenwood Village, CO 80111

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders of National Bank Holdings Corporation:

We cordially invite you to attend the Annual Meeting of Shareholders of National Bank Holdings Corporation at 8:30 a.m. Mountain Time on Wednesday, May 3, 2017, at the DoubleTree by Hilton Denver Tech Center, located at 7801 East Orchard Road, Greenwood Village, Colorado 80111. The purpose of the meeting is to:

1. Elect seven directors to our Board of Directors to hold office until the next annual meeting of shareholders and until their successors are duly elected and qualified (Proposal 1).
2. Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year 2017 (Proposal 2).
3. Adopt a resolution approving, on an advisory, non-binding basis, the compensation paid to the Company's named executive officers, as disclosed, pursuant to Item 402 of Regulation S-K, in the proxy statement (Proposal 3).
4. Transact such other business as may properly come before the meeting.

Information with respect to these matters is contained in the proxy statement accompanying this notice.

A proxy for use at the meeting in the form accompanying this notice is hereby solicited on behalf of the Board of Directors from holders of Class A common stock. The Board of Directors has fixed March 13, 2017 as the record date for determining which shareholders have the right to receive notice of, and to vote at, the meeting or any postponements or adjournments thereof.

The proxy statement and the accompanying form of proxy are first being sent to shareholders on or about March 27, 2017.

Whether or not you plan to attend the meeting, we urge you to vote and submit your proxy so that as many shares as possible may be represented at the meeting. Your vote is important and we appreciate your cooperation in returning your proxy promptly. Your proxy is revocable and will not affect your right to vote in person at the meeting.

Please call us at 720-529-3346 if you need directions to attend the meeting or have questions about how to vote in person.

By Order of the Board of Directors
/s/ Zsolt K. Besskó

Zsolt K. Besskó, Secretary

Greenwood Village, Colorado

March 20, 2017

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on May 3, 2017: Our Proxy Statement and 2016 Annual Report to Shareholders are also available at www.proxyvote.com.

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NATIONAL BANK HOLDINGS CORPORATION

PROXY STATEMENT

2017 ANNUAL MEETING OF SHAREHOLDERS

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GENERAL INFORMATION

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board of Directors” or the “Board”) of National Bank Holdings Corporation, a Delaware corporation (the “Company”, “NBHC”, “we”, “us” or “our”), to be used at our 2017 Annual Meeting of Shareholders (the “Meeting”) and at any postponements or adjournments thereof. The Meeting will be held at the DoubleTree by Hilton Denver Tech Center, located at 7801 East Orchard Road, Greenwood Village, Colorado 80111, at 8:30 a.m. Mountain Time on Wednesday, May 3, 2017.

In this proxy statement, we refer to our employees as “associates.” In this proxy statement, we also refer to the Notice of Annual Meeting of Shareholders, this proxy statement, our 2016 Annual Report to Shareholders and the accompanying proxy as our “Proxy Materials.”

Holders of record of shares of Class A common stock at the close of business on March 13, 2017 (the record date) are entitled to notice of, and to vote at, the Meeting. As of such date, there were 26,715,532 shares of Class A common stock outstanding and entitled to vote. In addition, as of such date, there were 356,407 shares of unvested restricted stock (Class A common stock) entitled to vote. Each share of our Class A common stock is entitled to one vote on all matters (in the case of Proposal 1, with respect to the election of each director).

Please read the Proxy Materials carefully. You should consider the information contained in this proxy statement when deciding how to vote your shares. You have a choice of voting by proxy over the Internet, by using a toll-free telephone number or by completing a proxy card and mailing it in the postage-paid envelope provided. If your shares are held in the name of a bank, broker or other holder of record, please refer to your proxy card or the voting information provided by your bank, broker or other holder of record to see which voting options are available to you. Voting on the Internet, by telephone or by mail will not prevent you from attending or voting your shares at the Meeting. However, if you hold shares through a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the Meeting. Otherwise, your shares will be voted in the manner in which you instructed the record holder of your shares.

When you vote by proxy, your shares will be voted according to your instructions. If you are a shareholder of record, you may revoke your proxy at any time prior to the close of the polls at the Meeting by submitting a later dated proxy or delivering a written notice of revocation to our Secretary, Zsolt K. Besskó, at National Bank Holdings Corporation, 7800 E. Orchard Road, Suite 300, Greenwood Village, CO 80111. If you hold shares through a bank, broker or other holder of record, you must contact the holder of record to revoke any prior voting instructions.

We pay the cost of soliciting proxies. Members of our Board and other associates may solicit proxies by mail, telephone, fax, email or in person. We will not pay directors or other associates any extra amounts for soliciting proxies. We may, upon request, reimburse brokerage firms, banks or similar nominees representing street name

holders for their expenses in forwarding Proxy Materials to their customers who are street name holders and obtaining their voting instructions. We have engaged Alliance Advisors LLC (“Alliance”) as proxy solicitation agent and will pay fees of approximately \$12,500 to Alliance plus certain out-of-pocket expenses to assist us with the solicitation of proxies.

Any shareholder entitled to vote at the Meeting may attend the Meeting. If you hold shares through a bank, broker or other holder of record and would like to attend the Meeting, you will need to bring an account statement or other acceptable evidence of ownership of our Class A common stock as of the record date. Each shareholder who attends may be asked to present valid picture identification, such as a driver’s license or passport. Please note that the use of cell phones, tablets, recording and photographic equipment, computers and/or other similar devices is not permitted in the meeting room at the Meeting.

Our principal executive offices are located at 7800 E. Orchard Road, Suite 300, Greenwood Village, CO 80111.

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VOTE REQUIRED FOR APPROVAL

The presence, by proxy or in person, of the holders of a majority of the outstanding shares of our Class A common stock entitled to vote at the Meeting shall constitute a quorum. Withheld votes, abstentions and broker “non-votes” (shares held by a broker or nominee that has not received voting instructions from its client and does not have discretionary authority to vote on a particular matter) are counted as present for purposes of establishing a quorum. If you are a beneficial shareholder and your broker holds your shares in its name, the rules of the New York Stock Exchange (“NYSE”) permit your broker to vote your shares on the ratification of the appointment of our independent registered certified public accounting firm (Proposal 2), even if the broker does not receive voting instructions from you. However, under the NYSE rules, your broker cannot vote your shares on the other proposals if you do not timely provide instructions for voting your shares.

For Proposal 1 (election of directors), the seven nominees for director receiving a plurality of the votes cast at the Meeting in person or by proxy will be elected. This means that the director nominee with the most votes for a particular slot is elected for that slot. Only votes “for” affect the outcome. Broker “non-votes” will have no effect on the voting results for this proposal.

Proposal 2 (ratification of the appointment of our independent registered certified public accounting firm) will be passed if a majority of the shares of our Class A common stock present at the Meeting and entitled to vote cast their votes “for” this proposal. Abstentions will be counted as votes present and entitled to vote and will have the same effect as votes “against” this proposal. No broker “non-votes” are expected to exist in connection with this proposal.

The advisory vote on executive compensation (Proposal 3) is non-binding, as provided by law. Our Board and our Compensation Committee, however, will review the results of the vote and, consistent with our commitment to shareholder engagement, will take it into account in making a determination concerning the advisory vote on executive compensation. Proposal 3 (the advisory proposal on the compensation of our named executive officers) will be approved if a majority of the shares of our Class A common stock present at the Meeting and entitled to vote cast their votes “for” this proposal. Abstentions will be counted as votes present and entitled to vote and will have the same effect as votes “against” this proposal. Broker “non-votes” are not considered to be entitled to vote and therefore will have no effect on the voting results for this proposal.

Approval of any other business that may properly come before the Meeting will require the affirmative vote of a majority of the shares present in person or represented by proxy at the Meeting and entitled to vote thereon.

VOTING FOR REGISTERED AND BENEFICIAL SHAREHOLDERS

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Registered and beneficial shareholders can vote their shares in the following ways:

By Internet: You may vote your shares over the internet by going to www.proxyvote.com. You will need to enter your 16-digit control number (found at the top right hand side of the form of proxy or voting instruction form that you received in the mail) to identify yourself as a shareholder on the voting website.

By Telephone: Vote by telephone by calling 1-800-690-6903. You will need to enter your 16-digit control number (found at the top right hand side of the form of proxy or voting instruction form that you received in the mail) to identify yourself as a shareholder.

By Mail: Mark, sign and date your proxy card and return it in the postage paid envelope we have provided or return it to Vote Processing c/o Broadridge, 51 Mercedes Way, Edgewood, NY, 11717.

In Person: If you are a “record” shareholder of Class A common stock (that is, you hold Class A common stock in your own name in NBHC’s stock records maintained by our transfer agent), register upon your arrival at the Meeting, request a ballot and submit the ballot with your voting instructions at the Meeting.

Beneficial shareholders who wish to vote at the Meeting will need to obtain a proxy form from the institution that holds your shares and follow the voting instructions on such form.

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Your voting instructions must be received by the proxy voting deadline which is Tuesday May 2, 2017. The internet and telephone voting facilities will close at 11:59 p.m. Eastern time on May 2, 2017.

If you have any questions or require voting assistance, please contact our proxy solicitation agent, Alliance Advisors, toll-free at 855-486-7907 or by e-mail at nbhinfo@allianceadvisorsllc.com.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 13, 2017, information regarding the beneficial ownership of our Class A common stock by (i) each of our Chief Executive Officer, Chief Financial Officer and the two other highest paid executive officers for 2016 (those four executive officers are listed in the table captioned “Summary Compensation Table” elsewhere in this proxy statement and are collectively referred to as the “Named Executive Officers” or “NEOs”); (ii) each director; (iii) all current directors and executive officers as a group and (iv) each person known by us to own beneficially more than five percent of the shares of our Class A common stock (our only class of voting securities outstanding).

We have determined beneficial ownership in accordance with the rules of the Securities Exchange Commission (“SEC”). Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws. We have based our calculation of the percentage of beneficial ownership on 27,071,939 shares, which number is comprised of 26,715,532 shares of Class A common stock outstanding and 356,407 shares of unvested restricted stock (which shares of restricted stock are entitled to voting rights), in each case as of March 13, 2017.

In computing the number of shares of Class A common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of Class A common stock subject to options held by that person that are currently exercisable or exercisable within sixty days of March 13, 2017. We, however, did not deem

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these shares outstanding for the purpose of computing the percentage ownership of any other person. Beneficial ownership representing less than 1% is denoted with an asterisk (*).

| Name of beneficial owner | Amount and nature of beneficial ownership | Percent of class |
|--|---|------------------|
| Named Executive Officers and Directors | | |
| G. Timothy Laney(1) | 1,084,619 | 3.9% |
| Brian F. Lilly(2) | 294,981 | 1.1% |
| Richard U. Newfield, Jr.(3) | 387,102 | 1.4% |
| Zsolt K. Besskó(4) | 45,011 | * |
| Ralph W. Clermont(5) | 83,340 | * |
| Robert E. Dean(6) | 63,965 | * |
| Fred J. Joseph(7) | 8,228 | * |
| Micho F. Spring(8) | 64,878 | * |
| Burney S. Warren, III(9) | 67,333 | * |
| Art Zeile(10) | 3,038 | * |
| All current executive officers and directors as a group (13 persons) | 2,145,004 | 7.6% |
| 5% Shareholders | | |
| T. Rowe Price Associates, Inc.(11) | | |
| 100 East Pratt Street | | |
| Baltimore, MD 21202 | 3,116,621 | 11.5% |
| BlackRock, Inc.(12) | | |
| 55 East 52nd Street | | |
| New York, NY 10055 | 3,089,823 | 11.4% |
| The Vanguard Group(13) | | |
| 100 Vanguard Blvd. | | |
| Malvern, PA 19355 | 2,389,507 | 8.8% |
| Dimensional Fund Advisors LP(14) | | |
| 6300 Bee Cave Road | | |
| Austin, Texas, 78746 | 2,098,956 | 7.8% |

-
- (1) Includes 84,355 unvested restricted shares for which Mr. Laney has voting power and 615,917 shares issuable upon the exercise of options. Also includes 8,859 shares owned by the Timothy Laney 2012 Grantor Retained Annuity Trust.
- (2) Includes 75,451 unvested restricted shares for which Mr. Lilly has voting power and 151,763 shares issuable upon the exercise of options.
- (3) Includes 30,498 unvested restricted shares for which Mr. Newfield has voting power and 276,890 shares issuable upon the exercise of options.
- (4) Includes 21,776 unvested restricted shares for which Mr. Besskó has voting power and 13,387 shares issuable upon the exercise of options.
- (5) Includes 2,674 unvested restricted shares for which Mr. Clermont has voting power and 46,333 shares issuable upon the exercise of options. Also includes 21,211 shares owned by the Ralph W. Clermont Revocable Trust.
- (6) Includes 2,292 unvested restricted shares for which Mr. Dean has voting power and 38,333 shares issuable upon the exercise of options.
- (7) Includes 2,292 unvested restricted shares for which Mr. Joseph has voting power.
- (8)

Includes 2,292 unvested restricted shares for which Ms. Spring has voting power and 38,333 shares issuable upon the exercise of options.

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- (9) Includes 2,292 unvested restricted shares for which Mr. Warren has voting power and 38,333 shares issuable upon the exercise of options. Also includes 9,584 shares owned by the Burney S. Warren Family Limited Partnership.
- (10) Includes 2,237 unvested restricted shares for which Mr. Zeile has voting power.
- (11) As reported on Schedule 13G filed with the SEC on February 7, 2017 jointly by T. Rowe Price Associates, Inc. (“Price Associates”) and T. Rowe Price Small-Cap Value Fund, Inc. (“Price Small-Cap Fund”). Price Associates reported sole voting power with respect to 726,500 shares and sole dispositive power with respect to all shares beneficially owned. Price Small-Cap Fund reported sole voting power with respect to 1,879,859 shares. Price Associates reported that it does not serve as custodian of the assets of any of its clients; accordingly, in each instance only the client or the client’s custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities.
- (12) As reported on Schedule 13G filed with the SEC on January 9, 2017 by BlackRock, Inc. (“BlackRock”). BlackRock reported: (i) sole voting power with respect to 2,997,554 shares and sole dispositive power with respect to all shares beneficially owned; (ii) various persons have the right to receive or the power to direct the receipt of dividends from or the proceeds from the sale of such shares; and (iii) no one person’s interest in the Company’s Class A common stock is more than five percent (5%) of the Company total outstanding Class A common stock.
- (13) As reported on Schedule 13G filed with the SEC on February 10, 2017 by The Vanguard Group (“Vanguard”). Vanguard reported sole voting power with respect to 49,259 shares, sole dispositive power with respect to 2,335,090 shares, shared voting power with respect to 6,779 shares and shared dispositive power with respect to 54,417 shares.
- (14) As reported on Schedule 13G filed with the SEC on February 9, 2017 by Dimensional Fund Advisors LP (“Dimensional”). Dimensional reported sole voting power with respect to 1,991,016 shares and sole dispositive power with respect to 2,098,956 shares. In its role as investment advisor, sub-advisor and/or manager, Dimensional or its subsidiaries may possess voting and/or investment power over the securities that are owned by certain funds, and may be deemed to be the beneficial owner of the shares held by such funds. However, all securities reported in Dimensional’s Schedule 13G are owned by the funds, and Dimensional disclaims beneficial ownership of such securities.

PROPOSAL 1 - ELECTION OF DIRECTORS

Size of Board. We have set the size of the Board at seven members. The current members of the Board are G. Timothy Laney (Chairman), Ralph W. Clermont (independent Lead Director), Robert E. Dean, Fred J. Joseph, Micho F. Spring, Burney S. Warren, III and Art Zeile.

2016 Appointment. Beginning in February 2016, the Nominating and Governance Committee began reviewing potential candidates for the Board given Frank Cahouet’s expected retirement from the Board in May 2016. The full Board (including Mr. Cahouet) gave input to the Committee regarding desired skills and other attributes of future additions to the Board and provided potential candidate names throughout the process. The Board decided to add significant banking and securities regulatory expertise in 2014 with the addition of Fred Joseph to the Board and in 2016 decided to seek Board candidates with significant information technology expertise, particularly in the area of cybersecurity, given the importance of that topic to the business of the Company. The Board decided to prioritize its search for candidates in the Company’s primary geographic areas of Kansas/Missouri and Colorado and also sought candidates with prior public company board experience. An extensive review of candidates who would add to the

diversity of the existing Board was undertaken. Given the goal of adding information technology and cybersecurity skills to the Board and in light of the ages of the other independent board members (then 63-68 years of age), there was a focus on relatively younger candidates during the search process.

In June 2016, the Nominating and Governance Committee recommended that Art Zeile be appointed to the Board. Prior to that recommendation, Mr. Zeile had met with all of the members of the Board and senior management and the Committee had fully reviewed Mr. Zeile's experience and background, including his extensive information technology and cybersecurity expertise. Mr. Zeile was approved by the full Board and joined as an independent director on July 1, 2016.

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Nominees. Upon the recommendation of the Nominating and Governance Committee, the Board has nominated the persons named below for reelection to the Board. With the exception of Mr. Laney, who serves as our Chairman, President and CEO, the Board has determined that each of these nominees is an independent director, as discussed further below under “Director Independence.”

Each of the directors elected at the Meeting will be elected for a one-year term which expires at the next annual meeting of shareholders and will serve until the director’s successor has been elected and qualified, or until the director’s earlier resignation or removal.

The Board recommends you vote FOR each of the nominees set forth below.

In the event that any nominee is no longer a candidate for director at the time of the Meeting, the proxyholders will vote for the rest of the nominees and may vote for a substitute nominee in their discretion. To the best of its knowledge, the Company has no reason to believe that any of the nominees will be unable to serve as directors if elected.

Ralph W. Clermont, Age 69

Mr. Clermont has served as a director for the Company since 2009 and as the Board’s independent Lead Director since May 2014. He also serves as Chair of the Board’s Audit & Risk Committee and as a member of NBH Bank’s board of directors. Mr. Clermont retired in 2008 as Managing Partner of the St. Louis office of KPMG LLP, and was formerly the partner in charge of KPMG’s Midwest financial services practice. Mr. Clermont joined the St. Louis office of KPMG in 1969 and was elected to partnership in 1977. Mr. Clermont spent over 39 years providing services to the banking industry and has had responsibility for the audits of numerous banking organizations. Subsequent to retiring, Mr. Clermont has served as a consultant to various banking institutions on strategic planning, risk management and corporate governance matters. In October 2015, Mr. Clermont was appointed to the Board of Directors of Cass Information Systems, Inc., where he also serves on the Audit Committee and the Governance Committee. Mr. Clermont is a certified public accountant and a member of the American Institute of Certified Public Accountants and Missouri Society of Certified Public Accountants. Mr. Clermont was a member of the KPMG’s Assurance Services Committee and was chairman of KPMG’s Quality Improvement Audit Subcommittee. Mr. Clermont received a Bachelor of Science degree in accounting from Saint Louis University. Mr. Clermont’s qualifications to serve on our Board of Directors include his expertise in financial and accounting matters for complex financial organizations. As the independent Lead Director, Mr. Clermont is an ex officio member of all of our Board committees with full voting rights.

Robert E. Dean, Age 65

Mr. Dean has served as a director for the Company since 2009 and also serves as Chairman of the Nominating & Governance Committee. Mr. Dean is a private investor. From 2000 to 2003, Mr. Dean was with Ernst & Young Corporate Finance LLC, a wholly owned broker-dealer subsidiary of Ernst & Young LLP, serving as a Senior Managing Director and member of the Board of Managers from 2001 to 2003. From 1976 to 2000, Mr. Dean practiced corporate, banking and securities law with Gibson, Dunn & Crutcher LLP. Mr. Dean co-chaired the firm's banking practice and advised bank clients on numerous capital markets and merger and acquisition transactions (including FDIC-assisted transactions). Mr. Dean was Partner-in-Charge of the Orange County, California office from 1993 to 1996 and was a member of the law firm's Executive Committee from 1996 to 1999. Mr. Dean holds a Bachelor of Arts degree from the University of California at Irvine and a Juris Doctor degree from the University of Minnesota Law School. Since November 2014, Mr. Dean has served as a member of the boards of directors of two related Cornerstone closed-end mutual funds (Strategic Value (CLM) and Total Return (CRF)) and as a member of each audit and nominating and governance committee thereof. Mr. Dean's substantial experience in bank capital markets and merger and acquisition transactions, bank regulatory matters and public company corporate governance matters qualifies him to serve on our Board of Directors.

Fred J. Joseph, Age 64

Mr. Joseph has served as a director of the Company since 2014 and also serves as a member of NBH Bank's board of directors. Mr. Joseph was a financial services regulator for 30 years, retiring at the end of 2013 as the Banking and Securities Commissioner for the State of Colorado, a dual role created in 2011. He was originally appointed as the

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Securities Commissioner in 1999. In that role, he oversaw the regulatory agency that licenses stockbrokers, brokerage firms and investment advisers in Colorado. In his role as the Banking Commissioner, he had regulatory oversight of state-chartered commercial banks, money transmitters and trust companies in Colorado. Mr. Joseph also served as the Acting Banking Commissioner for the State of Colorado from 2008 to 2010. From 1992 to 1999, he was the Deputy Securities Commissioner for the State of Colorado. In that position, he oversaw the examination functions as well as the administrative matters for the Colorado Division of Securities. Prior to that, he was the Deputy Commissioner of Financial Services in Colorado for eight years, where he was responsible for the examination and regulatory oversight of state-chartered savings and loan associations and credit unions in Colorado. Mr. Joseph is a past President of the North American Securities Administrators Association (“NASAA”), and also served as a director on NASAA’s Board for almost a decade. Mr. Joseph currently serves as a board member of the Colorado Board of Mortgage Loan Originators, being appointed to that position by the Colorado Governor in 2014. He also serves as a member of the Investor Issues Committee for the Financial Industry Regulatory Authority (FINRA). Mr. Joseph holds a Bachelor of Science degree in Business Administration from Colorado State University-Pueblo and an MBA in Finance and Accounting from Regis University in Denver. Mr. Joseph’s substantial experience in the regulatory fields of financial services and securities qualifies him to serve on our Board of Directors.

G. Timothy Laney, Age 56

Mr. Laney has served as the Company’s President and Chief Executive Officer and as a director for the Company since 2010. Mr. Laney was appointed as Chairman of the Company’s Board of Directors in 2014 and he also serves as the chairman of NBH Bank’s board of directors. Mr. Laney is the former Senior Executive Vice President and Head of Business Services at Regions Financial, one of the nation’s largest full-service banks. He joined Regions Financial in late 2007 to lead the transformation of the bank’s wholesale lines of business. Prior to his tenure at Regions Financial, Mr. Laney had a 24-year tenure with Bank of America, where he held senior management roles in small business, commercial banking, private banking, corporate marketing and change management. He also served as President of Bank of America, Florida, with more than 800 banking centers and \$50 billion in total assets. He was also a member of Bank of America’s Management Operating Committee. Mr. Laney brings to our Board of Directors valuable and extensive experience from managing and overseeing a broad range of operations during his tenures at Bank of America and Regions Financial.

Micho F. Spring, Age 67

Ms. Spring has served as a director for the Company since 2009 and also serves as a member of NBH Bank’s board of directors. Ms. Spring is Chair, Global Corporate Practice and President, New England of Weber Shandwick. Prior to joining Weber Shandwick, Ms. Spring was Chief Executive Officer of Boston Telecommunications Company. She served for four years as Deputy Mayor of Boston. She previously served as Chief of Staff to Boston Mayor Kevin H. White after four years of service in New York City government. Ms. Spring also served as a director of Citizens Bank of Massachusetts, one of the largest state-chartered banks in Massachusetts at the time of her service. Ms. Spring currently serves as Vice Chair of the Greater Boston Chamber of Commerce and on a member of the Corporation of Partners Healthcare, Inc. She also serves on numerous boards of civic organizations including John F. Kennedy Library Foundation, Friends of Caritas Cubana and the Massachusetts Conference for Women. Ms. Spring attended

Georgetown and Columbia Universities and received a Masters in Public Administration from Harvard's Kennedy School of Government. Ms. Spring's extensive public policy experience, expertise in public relations, involvement in community activities and knowledge of financial institutions make her a valuable member of our Board.

Burney S. Warren, III, Age 69

Mr. Warren has served as a director for the Company since 2009 and also serves as Chairman of the Compensation Committee. Mr. Warren has also served as an advisor to South State Corporation, a bank holding company based in South Carolina, over the past seven years. Prior to retirement in December 2007, Mr. Warren was Executive Vice President and Director of Mergers and Acquisitions for Branch Banking and Trust Company ("BB&T"), one of the largest commercial banks in the United States. Mr. Warren was responsible for the development, structure and negotiation of BB&T's bank and non-bank acquisitions. During his tenure, he successfully completed the acquisition of over 50 banks and thrifts and numerous nonbank transactions, including capital markets, brokerage, fixed income and consumer finance. Prior to joining BB&T in 1990, Mr. Warren was President and Chief Executive Officer of First Federal Savings Bank, Greenville, N.C. Mr. Warren is currently chairman of East Carolina University's Real Estate Foundation and serves on the board of the East Carolina University Foundation. Mr. Warren received a Bachelor of Science degree in Business Administration from East Carolina University. Mr. Warren's qualifications to serve on our Board of Directors include his extensive financial institutions experience, including identifying and integrating acquisitions for complex financial institutions.

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Art Zeile, Age 53

Mr. Zeile has served as a director for the Company since July 2016. Mr. Zeile is currently the CEO of Deke Digital. Prior to joining Deke Digital, Mr. Zeile cofounded and served as the CEO of HOSTING, a pioneer in the cloud hosting space, from 2008 through 2016. Mr. Zeile's extensive career experience also includes serving as CEO and co-founder of several technology companies. He began his career as an Officer in the U.S. Air Force. Mr. Zeile currently serves on the board of Halyard Capital Funds and Choozle and is a member of the University of Delaware Cyber Security Initiative Advisory Council. He was also previously a director for Intrado (NASDAQ: TRDO) from 2004 to 2006 and iTriage, which was acquired by Aetna, from 2009 to 2011. Mr. Zeile holds a Masters of Public Policy from the JFK School of Government, Harvard University and a Bachelor of Science in Astronautical Engineering from the U.S. Air Force Academy. Mr. Zeile's extensive experience in telecommunications, internet, datacenter and security technologies, with a particular focus on cybersecurity, qualifies him to serve on our Board of Directors.

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OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit and Risk Committee of the Board of Directors has appointed KPMG LLP (“KPMG”) as our independent registered public accounting firm for the year ending December 31, 2017. KPMG has audited the financial statements of the Company since 2009. Shareholders will vote at the Meeting to ratify such appointment. Representatives from KPMG are expected to be present at the Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

The Board recommends that shareholders vote FOR the proposal to ratify the appointment of KPMG as our independent registered public accounting firm for 2017 (Proposal 2).

KPMG Fees

We incurred the fees shown in the following table for professional services provided by KPMG for 2016 and 2015:

| | 2016 | 2015 |
|--------------------|-----------|-----------|
| | \$ | \$ |
| Audit fees | 1,075,500 | 1,289,163 |
| Audit-related fees | — | — |
| Tax fees | 4,419 | 114,774 |
| All other fees | 82,471 | — |
| | \$ | \$ |
| Total | 1,162,390 | 1,403,937 |

Audit Fees. Audit fees principally relate to the audit of our annual financial statements, the review of our quarterly financial statements included in our Quarterly Reports on Form 10-Q and the audit of our internal control over financial reporting. In addition, 2015 audit fees include fees for services related to the review of registration statements and related consent filings of \$8,500.

Audit-Related Fees. Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees” above. There were no audit-related fees in 2016 and 2015.

Tax Fees. Tax fees principally relate to the preparation of tax returns, compliance services, tax planning and consultation services.

All Other Fees. All other fees consist of fees for products and services other than the services reported above.

Audit and Risk Committee Pre-Approval Policies and Procedures

The Audit and Risk Committee selects and oversees our independent registered public accounting firm. The Audit and Risk Committee's charter requires that the committee pre-approve all audit, audit-related, tax and other services performed by the independent registered public accounting firm, subject to de minimis exceptions for certain non-audit services, so long as such services are approved by the committee prior to the completion of the audit. In approving any non-audit services, the Audit and Risk Committee considers whether the provision of the services would impair the independent registered public accountant's independence.

The Audit and Risk Committee may delegate pre-approval authority and responsibility to individuals or to designated subcommittees consisting of one or more members of the committee, provided that any such pre-approvals are presented to the committee at its next scheduled meeting. The Audit and Risk Committee has delegated such pre-approval authority to its Chair.

In 2016 and 2015, the Audit and Risk Committee pre-approved all of the audit and non-audit services provided by KPMG.

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PROPOSAL 3 - ADVISORY VOTE ON EXECUTIVE COMPENSATION (SAY-ON-PAY)

Non-Binding Advisory Vote

The Company seeks your advisory vote on the following resolution to approve the compensation of our named executive officers:

“Resolved, that the shareholders of National Bank Holdings Corporation hereby approve, on an advisory, non-binding basis, the compensation paid to the Company’s named executive officers as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion.”

Effect of Non-Binding Advisory Vote

This advisory vote is not binding on the Company, the Board, or the Compensation Committee. Our Board and our Compensation Committee, however, will review the results of the vote and, consistent with our commitment to shareholder engagement, will take it into account in making a determination concerning the advisory vote on executive compensation.

Compensation Philosophy

The Company’s compensation philosophy is designed to attract, develop and retain the talent needed for the organization’s continued success in building a competitive franchise and executing our strategic plan. We intend these programs to be aligned with performance goals that motivate executives to achieve strategic goals prudently and within acceptable risk parameters. Our executive compensation program is designed to reward individual contributions and to create long-term shareholder value. Our compensation philosophy is discussed in greater detail in the “Compensation Discussion and Analysis” section elsewhere in this proxy statement.

Recommendation

The Board encourages you to read both the “Letter to Shareholders from the Compensation Committee” section starting on page 20 and the “Compensation Discussion and Analysis” section starting on page 24. The Compensation Committee has made significant enhancements in strengthening the link between pay and performance to further link compensation to our overall compensation philosophy and explain the rationale for its pay decisions. For these reasons, we strongly believe you should approve the compensation of our named executive officers.

The Board recommends that the shareholders vote FOR the proposal to approve the Advisory Vote on Executive Compensation (Say-on-Pay) (Proposal 3).

GOVERNANCE

The Board is committed to sound and effective governance principles and practices. The Board has adopted Governance Guidelines to provide the framework for the governance of the Board and the Company. These Guidelines set forth, among other matters, qualifications for Board membership, director independence standards, director responsibilities, information about the structure of the Board and its committees, director compensation, management succession and Board self-evaluation. Each director serves for a one-year term. We do not have a staggered or classified board.

The Board has adopted a Code of Business Conduct and Ethics that applies to all of our associates, including our directors. Additionally, the Board has adopted a Supplemental Code of Ethics for CEO and Senior Financial Officers (together, with the Code of Business Conduct and Ethics, the “Codes of Ethics”). We expect all of our associates to adhere to the highest standards of ethics and business conduct with other associates, clients, shareholders, and the communities we serve and to comply with all laws, rules, and regulations that govern our business.

Shareholders and other interested persons may view our Governance Guidelines, our Codes of Ethics and other key information about our corporate governance on our website at www.nationalbankholdings.com.

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Board and Committee Meetings; Annual Meeting Attendance

Directors are expected to attend all Board meetings and meetings of committees on which they serve.

The Board held seven meetings during 2016. During 2016, each director attended at least 75% of the total number of meetings of the Board and committees on which he or she served. The Board and each standing committee regularly meet in executive session. During 2016, the Board met in executive sessions without the CEO and other members of management five times. During 2016, the independent Lead Director chaired each of the executive sessions of the Board, and the chairs of each committee chaired the executive sessions of the committees.

All directors are expected to attend each annual meeting of shareholders of the Company. In 2016, all directors attended the Company's annual meeting of shareholders.

Committees of the Board

The Board has established three standing committees: Audit and Risk Committee, Compensation Committee and Nominating and Governance Committee. The Board's committees act on behalf of the Board and report on their activities to the entire Board. The Board appoints the members and chair of each committee based on the recommendation of the Nominating and Governance Committee.

The following table provides membership information for each of the Board's standing committees as of the date of this proxy statement.

| Audit and Risk Committee | Compensation Committee | Nominating and Governance Committee |
|--------------------------|------------------------------|-------------------------------------|
| Ralph W. Clermont, Chair | Burney S. Warren, III, Chair | Robert E. Dean, Chair |
| Robert E. Dean | Ralph W. Clermont | Ralph W. Clermont |
| Fred J. Joseph | Robert E. Dean | Fred J. Joseph |
| Micho F. Spring | Micho F. Spring | Art Zeile |
| Burney S. Warren, III | | |

With respect to each committee, the Board has adopted a charter that addresses its purpose, authority and responsibilities and contains other provisions relating to, among other matters, membership and meetings. In its discretion, each committee may form and delegate all or a portion of its authority to subcommittees of one or more of

its members. As required by its charter, each committee periodically reviews and assesses its charter's adequacy and reviews its performance, and also is responsible for overseeing risk related to the responsibilities described in its charter. Shareholders and other interested persons may view each committee's charter on our website at www.nationalbankholdings.com.

Audit and Risk Committee

Purpose and Responsibilities. The Audit and Risk Committee is responsible for, among other things:

- reviewing our financial statements and public filings that contain financial statements, significant accounting policy changes, material weaknesses and significant deficiencies, if any, and risk management issues;
- serving as an independent and objective body to monitor and assess our compliance with legal and regulatory requirements, our financial reporting processes and related internal control systems and the performance of our internal audit function;
- overseeing the audit and other services of our outside auditors and being directly responsible for the appointment, independence, qualifications, compensation and oversight of the outside auditors;
- discussing any disagreements between our management and the outside auditors regarding our financial reporting; and
- preparing the Audit and Risk Committee Report for inclusion in our proxy statement for our annual meeting.

Membership and Meetings. Under its charter, the Audit and Risk Committee must have a minimum of three members. No Audit and Risk Committee member may serve on the audit committee of more than two other public companies. Each member of the Audit and Risk Committee is independent, as independence for audit committee members is defined by NYSE and SEC rules, as discussed below under "Director Independence." The Board has

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determined, in its business judgment, that each current member of the Audit and Risk Committee is financially literate as required by NYSE rules, and that Mr. Clermont, the committee's chair, qualifies as an "audit committee financial expert" as defined by SEC regulations.

The Audit and Risk Committee meets as often as necessary to carry out its responsibilities but no less than quarterly. In 2016, the Audit and Risk Committee met four times.

Compensation Committee

Purpose and Responsibilities. The Compensation Committee is responsible for, among other things:

- determining the compensation of our executive officers;
- reviewing our executive compensation policies and plans;
- oversight of the Company's compensation practices generally;
- administering and implementing our equity compensation plans;
- preparing a report on executive compensation for inclusion in our proxy statement for our annual meeting; and
- overseeing the Company's talent management and succession planning process, including succession planning for the position of CEO.

The Compensation Committee's process and procedures for establishing compensation for our Named Executive Officers is discussed in the "Compensation Discussion and Analysis" section elsewhere in this proxy statement.

Membership and Meetings. Under its charter, the Compensation Committee must have a minimum of three members, two of which must meet the definition of a "non-employee director" under Rule 16b-3 of the Securities Exchange Act of 1934 (the "Exchange Act") and qualify as an "outside director" under Internal Revenue Code Section 162(m). All Compensation Committee members must be independent under NYSE rules. The Board has determined that each current Compensation Committee member meets these qualifications, as further discussed below under "Director Independence." The Compensation Committee meets as often as necessary to carry out its responsibilities. In 2016, the Compensation Committee met five times.

Nominating and Governance Committee

Purpose and Responsibilities. The Nominating and Governance Committee is responsible for, among other things:

- identifying individuals qualified to become members of our Board of Directors and recommending director candidates for election or reelection to our Board;
- reviewing and making recommendations to our Board of Directors with respect to the compensation and benefits of directors;
- reviewing and approving or ratifying all related-party transactions in accordance with the Company's Related Person Transactions Policy;
- assessing the performance of our Board of Directors and its committees; and
- monitoring our governance policies, principles and practices.

Information about the Nominating and Governance Committee's process and procedures for establishing director compensation appears below under the "Director Compensation" section.

Membership and Meetings. Under its charter, the Nominating and Governance Committee must have a minimum of three members, each of whom must be independent under NYSE rules. The Board has determined that each member meets this standard, as discussed below under "Director Independence." The Nominating and Governance Committee meets as often as necessary to carry out its responsibilities. In 2016, the Nominating and Governance Committee met four times.

Director Independence

Our Governance Guidelines and committee charters require that a majority of the members of the Board of Directors and all members of the Audit and Risk Committee, the Compensation Committee and the Nominating and Governance Committee meet the criteria for independence required by the NYSE. Our Governance Guidelines

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require all members of the Audit and Risk Committee to meet the heightened independence requirements for audit committee members under the Exchange Act.

In February 2017, the Board, with the assistance of the Nominating and Governance Committee, undertook its annual review of director independence. In connection with this review, the Board evaluated banking, commercial, business, investment, legal, charitable, consulting, familial or other relationships with each director, and us and our affiliates. As a result of this review, the Board affirmatively determined that all of the directors are independent of the Company and its management under the corporate governance standards of the NYSE, including applicable SEC rules, with the exception of G. Timothy Laney because of his employment as an executive of the Company.

Board Leadership Structure

The Board is responsible for overseeing the exercise of corporate power and seeing that our business and affairs are managed to meet our stated goals and objectives and that the long-term interests of our shareholders are served. The Company currently does not have a fixed policy with respect to whether the same person may serve as both the Chairman of the Board and the Chief Executive Officer. The Board believes that it is in the best interests of the Company for the Board, in consultation with the Nominating and Governance Committee, to make this determination from time to time. Pursuant to the Company's Governance Guidelines, when the position of Chairman of the Board is not held by an independent director, the independent directors shall appoint an independent director to serve as the independent Lead Director.

In 2014, the Board elected G. Timothy Laney, President and Chief Executive Officer of the Company, to serve as Chairman of the Board and the independent directors appointed Ralph W. Clermont to serve as the independent Lead Director. The Board has concluded, based upon the Company's size and history and its years of experience with Mr. Laney as Chief Executive Officer and as a fellow director, that a combined Chairman/CEO role for Mr. Laney and an independent Lead Director with a strong role and defined authorities is the better corporate governance structure for the Company at this point in its history. The Board considered Mr. Laney's strong leadership roles with the Company's shareholders and other stakeholders and with ongoing strategic planning, among other factors, and Mr. Clermont's demonstrated ability to work with the Company's senior management and provide leadership on Board and committee issues. The Board has been very pleased with its three years of experience under this board leadership structure, which has enhanced Board communication and strategic planning.

The Board believes that the duties of the independent Lead Director under the Company's Governance Guidelines and the Board's practice of regular meetings of, and communications between, independent directors in executive session without management both are important parts of the Company's corporate governance safeguards. Pursuant to the Company's Governance Guidelines, the duties of the independent Lead Director include: (i) serving as a liaison, and facilitating communication, between the Chairman of the Board and the independent directors; (ii) organizing, convening and presiding over executive sessions of the independent directors; (iii) presiding at all meetings of the Board at which the Chairman of the Board is not present; (iv) approving meeting schedules and agendas proposed by

the Chairman and Chief Executive Officer, and consulting with the Chairman and Chief Executive Officer regarding the information to be provided to the directors in conjunction with such meetings; (v) serving as an advisor to the Board committees, chairs of the Board committees and other directors; (vi) serving as a member ex officio of each of the Board's standing committees, with full voting rights on each such committee; (vii) if requested by major shareholders, ensure that he or she is available for consultation and direct communication; (viii) call meetings of the Board if deemed advisable by the independent Lead Director; and (ix) such other duties and responsibilities as assigned from time-to-time by the independent directors.

Our current board leadership structure supports the independence of the independent directors. The independent directors meet in executive session at each Board meeting and each of the standing committees is comprised solely of and led by independent directors. Our independent Lead Director presides at each executive session of the independent directors of the Board and the independent committee chairs preside over the executive sessions of their respective committees.

The Board's Role in Risk Oversight

Our Board of Directors oversees risk management throughout the Company. The Board accomplishes this primarily through its three standing committees, each of which is active in risk management.

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The Audit and Risk Committee is responsible for oversight of the Company's market, credit, liquidity, fraud, legal, compliance and other financial, operational (including cybersecurity) and reputational risks. The Audit and Risk Committee is further responsible for reviewing and approving guidelines, policies and processes for managing these risks. The Audit and Risk Committee monitors the Company's risk exposure in all risk categories through regular reports prepared by members of management, including the Company's Chief Risk Management Officer. The Audit and Risk Committee determines the risk appetite of the Company. Additionally, the Audit and Risk Committee meets with representatives from the Company's internal audit function and the Company's independent registered public accountant, including in executive sessions without management present.

The Compensation Committee oversees risks related to compensation, including risks that may arise from the Company's incentive compensation practices. The Compensation Committee oversees and evaluates the design, administration and risk management of all of the Company's material incentive compensation arrangements to ensure consistency with the safety and soundness of the Company and to appropriately balance risk and reward. The Compensation Committee also oversees the annual compensation risk assessment to identify any compensation practices that may present an unacceptable level of risk to the Company.

The Nominating and Governance Committee oversees the Company's governance program. This includes the Company's Code of Ethics, Insider Trading Policy, disclosure policies, management of potential conflicts of interest, including related party transactions, and director independence.

Communications with Directors

Shareholders and other interested parties who wish to communicate with the Board, the independent directors as a group, or one or more individual directors may do so by contacting the Board's Secretary by mail at National Bank Holdings Corporation, 7800 E. Orchard Road, Suite 300, Greenwood Village, CO 80111. Under our Governance Guidelines, the Secretary is responsible for referring such communication to the Board.

Director Nomination Process and Board Diversity

The Nominating and Governance Committee is responsible for recommending candidates for membership on our Board of Directors. The Nominating and Governance Committee is responsible for identifying and reviewing the qualifications and independence of Board candidates. While the Nominating and Governance Committee does not have a formal policy regarding diversity, pursuant to our Governance Guidelines, the Nominating and Governance Committee considers diversity in its assessment of potential nominees for Board membership.

Shareholders are welcome to recommend candidates for membership on the Board. The Nominating and Governance Committee, in accordance with its charter, will evaluate candidates in the same manner that it evaluates other potential nominees. Our Bylaws require timely notice of shareholder nominations to our Secretary, as further discussed in the section “2018 Annual Meeting of Shareholders - Shareholder Proposals” elsewhere in this proxy statement. In order to make a nomination, a shareholder must be a shareholder at the time the Company gives notice of its annual meeting and at the time of the annual meeting, must be entitled to vote at the annual meeting, and must comply with the procedures of our Bylaws. The Bylaws require certain information regarding shareholders who wish to nominate candidates for Board membership. This includes (i) the name and address of such shareholder, as they appear on the Company’s books, of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith, (collectively, the “Nominating Party”), (ii) information regarding the shares owned by the Nominating Party, (iii) information regarding derivative and other instruments regarding the Company’s stock that the Nominating Party owns, (iv) contracts, arrangements, understandings or relationships the Nominating Party has entered into concerning the Company’s stock and (v) other information relating to the Nominating Party that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. For complete description of the requirements and procedures for shareholder nominations, please refer to our Bylaws.

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Compensation Committee Interlocks and Insider Participation

During 2016, Messrs. Warren, Clermont, Dean and Ms. Spring served as members of our Compensation Committee. None of them has at any time been an officer or associate of the Company, and none has had any relationship with the Company of the type that is required to be disclosed under Item 404 of Regulation S-K. None of our executive officers serves or has served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of another entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

DIRECTOR COMPENSATION

Compensation Principles. The Nominating & Governance Committee and the Board believe director compensation should be based upon the following principles:

- to align director interests with those of our shareholders, Board compensation should be predominately (at least 50%) equity-based and reinforced by stock ownership requirements;
 - director compensation should be sufficient to attract and retain high caliber experienced directors and commensurate with the work required and responsibilities undertaken; and
- to foster management solicitation of director input and minimize administrative burdens, directors should receive retainers and not individual meeting fees.

Compensation Review. The Nominating and Governance Committee reviewed director compensation most recently in 2016 with the assistance of F.W. Cook & Co., Inc. ("F.W. Cook"), the independent compensation consultant that the Nominating and Governance Committee engages for director compensation matters.

Compensation Elements. Each independent director receives an annual cash retainer of \$60,000 for his or her service as a member of the Board of Directors, except that the independent Lead Director receives an additional \$10,000 annual cash retainer. The chair of the Audit and Risk Committee receives an additional annual cash retainer of \$30,000 and each of the chairs of the Compensation and Nominating and Governance Committees receives an additional annual cash retainer of \$20,000. In addition, each independent director receives an annual grant of restricted stock with an aggregate grant date fair value of \$90,000, except that the independent Lead Director receives an annual grant of restricted stock with an aggregate grant date fair value of \$105,000. The grants are made on the date immediately following our Annual Meeting of Shareholders, with 50% of the shares vesting 180 days following such date and 50% of the shares vesting on the date immediately preceding our next Annual Meeting of Shareholders, in each case, subject to continued service. No individual meeting fees are paid for either Board meetings or committee meetings, whether in person or by telephone. We reimburse directors for expenses incurred in their Board service, including the cost of attending Board and committee meetings. We generally do not provide personal benefits (perquisites) to our directors. Our directors are eligible to participate in the Company's Nonqualified Deferred

Compensation Plan described in “Nonqualified Deferred Compensation Plan” below. No directors curr