

National Bank Holdings Corp
Form DEF 14A
March 30, 2015
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):

4. Proposed maximum aggregate value of transaction:

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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 6, 2015, at the Curtis Ballroom at The Landmark, 5345 Landmark Place, 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 2015 (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. Select, on an advisory, non-binding basis, the frequency of future shareholder advisory votes to approve the compensation of our named executive officers (Proposal 4).
5. Approve the National Bank Holdings Corporation Employee Stock Purchase Plan (Proposal 5).
6. 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 16, 2015 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 30, 2015.

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 23, 2015

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on May 6, 2015: Our Proxy Statement and 2014 Annual Report to Shareholders are also available at www.proxyvote.com.

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NATIONAL BANK HOLDINGS CORPORATION

PROXY STATEMENT

2015 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 2015 Annual Meeting of Shareholders (the “Meeting”) and at any postponements or adjournments thereof. The Meeting will be held at The Curtis Ballroom at the Landmark, 5345 Landmark Place, Greenwood Village, Colorado 80111, at 8:30 a.m. Mountain Time on Wednesday, May 6, 2015.

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 2014 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 16, 2015 (the record date) are entitled to notice of, and to vote at, the Meeting. As of such date, there were 36,481,191 shares of Class A common stock outstanding and entitled to vote. In addition, as of such date, there were 953,937 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). Shares of our Class B non-voting common stock are not entitled to vote. As of March 16, 2015, there were 385,729 shares of Class B non-voting common stock issued and outstanding. Our Class B non-voting common stock is not convertible into shares of our Class A common stock in the hands of the initial holder but is generally convertible into shares of our Class A common stock on a one-for-one basis in the hands of a transferee unaffiliated with the initial holder. Shareholders cannot cumulate votes in the election of directors.

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.

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) and the advisory vote on the frequency of future votes on executive compensation (Proposal 4) are non-binding, as provided by law. Our Board and our Compensation Committee, however, will review the results of the votes and, consistent with our commitment to shareholder engagement, will take them into account in making a determination concerning the advisory vote on executive compensation and the frequency of such future advisory votes.

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.

The outcome of Proposal 4 (the advisory vote on the frequency of future advisory votes on executive compensation) will be decided by plurality vote, with the option that receives the greatest number of votes (every one, two or three years) being considered the non-binding preference selected by shareholders. Abstentions and broker “non-votes” are not counted as votes “for” or “against” any of the options under this proposal.

Proposal 5 (approval of our Employee Stock Purchase Plan) 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. 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.

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STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 16, 2015, information regarding the beneficial ownership of our Class A common stock by (i) each of our Chief Executive Officer, Chief Financial Officer and the three other highest paid executive officers for 2014 (those five 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 37,435,128 shares, which number is comprised of 36,481,191 shares of Class A common stock outstanding and 953,937 shares of unvested restricted stock (which shares of restricted stock are entitled to voting rights), in each case as of March 16, 2015.

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 or warrants held by that person that are currently exercisable or exercisable within sixty days of March 16, 2015. We, however, did not deem 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 (*).

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Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Named Executive Officers and Directors		
G. Timothy Laney ⁽¹⁾	1,782,004	4.6 %
Brian F. Lilly ⁽²⁾	334,445	*
Richard U. Newfield, Jr. ⁽³⁾	430,440	1.1 %
Thomas M. Metzger ⁽⁴⁾	704,114	1.9 %
Zsolt K. Besskó ⁽⁵⁾	15,423	*
Frank V. Cahouet ⁽⁶⁾	152,067	*
Ralph W. Clermont ⁽⁷⁾	74,254	*
Robert E. Dean ⁽⁸⁾	69,931	*
Lawrence K. Fish ⁽⁹⁾	38,553	*
Fred J. Joseph ⁽¹⁰⁾	3,119	*
Micho F. Spring ⁽¹¹⁾	72,888	*
Burney S. Warren, III ⁽¹²⁾	75,663	*
All current executive officers and directors as a group (12 persons)	3,752,901	9.4 %
5% Shareholders		
Elliott Management Group ⁽¹³⁾ 40 West 57th Street, 30th Floor New York, NY 10019	3,610,436	9.6 %
DePrince, Race & Zollo, Inc. ⁽¹⁴⁾ 250 Park Avenue South, Suite 250 Winter Park, FL 32789	3,075,132	8.2 %
The Vanguard Group ⁽¹⁵⁾ 100 Vanguard Blvd. Malvern, PA 19355	2,420,997	6.5 %
BlackRock, Inc. ⁽¹⁶⁾ 55 East 52nd Street New York, NY 10055	2,145,971	5.7 %
Boston Partners ⁽¹⁷⁾ One Beacon Street Boston, MA 02108	2,107,277	5.6 %
T. Rowe Price Associates, Inc. ⁽¹⁸⁾ 100 East Pratt Street Baltimore, MD 21202	2,079,310	5.6 %

Includes 413,000 unvested restricted shares for which Mr. Laney has voting power and 1,259,333 shares issuable (1) upon the exercise of options. Also includes 15,600 shares owned by the Timothy Laney 2012 Grantor Retained Annuity Trust.

(2) Includes 107,937 unvested restricted shares for which Mr. Lilly has voting power and 203,966 shares issuable upon the exercise of options.

(3) Includes 105,387 unvested restricted shares for which Mr. Newfield has voting power and 302,400 shares issuable upon the exercise of options.

(4) Includes 148,168 unvested restricted shares for which Mr. Metzger has voting power and 453,833 shares issuable upon the exercise of options. Also includes 15,000 shares owned by the Thomas M. Metzger Revocable Trust.

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- (5) Includes 13,930 unvested restricted shares for which Mr. Besskó has voting power and 1,493 shares issuable upon the exercise of options.
- (6) Includes 2,361 unvested restricted shares for which Mr. Cahouet has voting power and 65,500 shares issuable upon the exercise of options. Also includes 55,300 shares owned by the Frank V. Cahouet Trust.
- (7) Includes 2,755 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.
- (8) Includes 2,361 unvested restricted shares for which Mr. Dean has voting power and 46,333 shares issuable upon the exercise of options. Also includes 21,237 shares owned by the Dean Family Trust.
- (9) Includes 2,361 unvested restricted shares for which Mr. Fish has voting power and 8,000 shares issuable upon the exercise of options.
- (10) Includes 2,261 unvested restricted shares for which Mr. Joseph has voting power.
- (11) Includes 2,361 unvested restricted shares for which Ms. Spring has voting power and 46,333 shares issuable upon the exercise of options.
Includes 2,361 unvested restricted shares for which Mr. Warren has voting power and 46,333 shares issuable
- (12) upon the exercise of options. Also includes 9,584 shares owned by the Burney S. Warren Family Limited Partnership.
The reporting entities consist of the following entities: Elliott Associates, L.P. and its wholly-owned subsidiaries (collectively, “Elliott Associates”), Elliott International, L.P. (“Elliott International”), and Elliott International Capital Advisors Inc. (“International Advisors” and collectively with Elliott Associates and Elliott International, the “Elliott Management Group”). Elliott Management Group reported the following on Schedule 13G filed with the SEC on
- (13) February 14, 2014: (i) Elliott Associates reported sole voting and sole dispositive power with respect to 1,263,654 shares; (ii) Elliott International reported sole voting and sole dispositive power with respect to 2,346,782 shares; and (iii) International Advisors reported shared voting and shared dispositive power with respect to 2,346,782 shares.
As reported on Schedule 13G filed with the SEC on February 6, 2015 by DePrince, Race & Zollo, Inc.
- (14) (“DePrince”). DePrince reported sole voting power with respect to 2,135,893 shares and sole dispositive power with respect to all shares beneficially owned.
As reported on Schedule 13G filed with the SEC on February 11, 2015 by The Vanguard Group (“Vanguard”).
- (15) Vanguard reported sole voting power with respect to 50,949 shares, sole dispositive power with respect to 2,373,348 shares and shared dispositive power with respect to 47,649 shares.
As reported on Schedule 13G filed with the SEC on February 3, 2015 by BlackRock, Inc. (“BlackRock”).
- (16) BlackRock reported sole voting power with respect to 2,057,644 shares and sole dispositive power with respect to all shares beneficially owned. Various clients have the right to receive or the power to direct the receipt of dividends from or the proceeds from the sale of such shares.
As reported on Schedule 13G filed with the SEC on February 12, 2015 by Boston Partners. Boston Partners
- (17) reported sole voting power with respect to 853,525 shares and sole dispositive power with respect to all shares beneficially owned.
As reported on Schedule 13G filed with the SEC on February 12, 2015 by T. Rowe Price Associates, Inc. (“Price Associates”). Price Associates reported sole voting power with respect to 511,110 shares and sole dispositive
- (18) power with respect to all shares beneficially owned. Various clients have the right to receive or the power to direct the receipt of dividends from or the proceeds from the sale of such shares.

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PROPOSAL 1- ELECTION OF DIRECTORS

Size of Board. We have set the size of the Board at eight members. The current members of the Board are G. Timothy Laney (Chairman), Ralph W. Clermont (independent Lead Director), Frank V. Cahouet, Robert E. Dean, Lawrence K. Fish, Fred J. Joseph, Micho F. Spring and Burney S. Warren, III. Mr. Fish has decided to retire from the Board and not stand for re-election at the Meeting. The Board intends to decrease the fixed number of directors to seven after the Meeting.

2014 Appointment. Fred J. Joseph was appointed to the Board effective July 1, 2014, upon recommendation of the Nominating and Governance Committee.

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.

Frank V. Cahouet, Age 82

Mr. Cahouet has served as a director of the Company since 2009, and served as the Company's Chairman of the Board from 2009 to 2014. Mr. Cahouet is the retired Chairman, President and Chief Executive Officer of Mellon Financial Corporation, a position that he held from 1987 through 1998. While at Mellon, Mr. Cahouet was responsible for a series of strategic moves that positioned Mellon for growth. Before joining Mellon, Mr. Cahouet served as President and Chief Operating Officer of the Federal National Mortgage Association (Fannie Mae) from 1986 to 1987 and as Chairman, President and Chief Executive Officer of Crocker National Bank from 1984 to 1986. Prior to joining Crocker, Mr. Cahouet was a Vice Chairman, Chief Financial Officer and a member of the Office of the Chairman of Security Pacific National Bank. He joined Security Pacific in 1960 and served there for 24 years. Mr. Cahouet is a graduate of Harvard College and the Wharton Graduate School of Finance of the University of Pennsylvania. Mr. Cahouet also serves as a director of Teledyne Technologies Incorporated. He is a trustee emeritus of both Carnegie Mellon University and the University of Pittsburgh, serves on the board of regents of Saint Vincent Seminary, is a member of the board of trustees for the Historical Society of Western Pennsylvania and is a council member of The Pennsylvania Society. Mr. Cahouet's extensive experience both leading and growing financial institutions qualifies him to serve on our Board of Directors.

Ralph W. Clermont, Age 67

Mr. Clermont has served as a director for the Company since 2009 and as the Board's independent Lead Director since May 2014. Mr. Clermont also serves as Chair of the Board's Audit & Risk Committee. 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. 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.

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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 63

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 trustees of three related Cornerstone closed-end mutual funds (Progressive Return (CFP), 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 62

Mr. Joseph has served as a director of the Company since July 2014. 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 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 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 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 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 54

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 May 2014. 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.

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Micho F. Spring, Age 65

Ms. Spring has served as a director for the Company since 2009. 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 serves on numerous boards of civic organizations including the John F. Kennedy Library Foundation, Friends of Caritas Cubana and the Massachusetts Women's Forum, of which she is a past President. 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 67

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 five years. Prior to retirement in December 2007, Burney 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 and executive committee 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.

PROPOSAL 2- RATIFICATION OF APPOINTMENT

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, 2015. 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 2015 (Proposal 2).

KPMG Fees

We incurred the fees shown in the following table for professional services provided by KPMG for 2014 and 2013:

	2014	2013
Audit fees	\$1,190,325	\$1,337,500
Audit-related fees	—	150,779
Tax fees	223,079	182,101
All other fees	—	—
Total	\$1,413,404	\$1,670,380

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

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financial reporting. 2014 and 2013 audit fees include fees for services related to the review of registration statements and related consent filings of \$8,925 and \$15,000, respectively.

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. Audit-related fees in 2013 relate to acquisition-related due diligence services.

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

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 2014 and 2013, the Audit and Risk Committee pre-approved all of the audit and non-audit services provided by KPMG.

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 compensation programs are 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.

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

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PROPOSAL 4- ADVISORY VOTE ON FREQUENCY OF
ADVISORY VOTES ON EXECUTIVE COMPENSATION

Non-Binding Advisory Vote

As described in Proposal 3 above, the Company's shareholders are being provided the opportunity to cast an advisory vote on the Company's executive compensation program. The advisory vote on executive compensation described in Proposal 3 is referred to as a "say-on-pay" vote.

This Proposal 4 provides shareholders the opportunity to cast an advisory vote on how often the Company should include a say-on-pay vote in its proxy material for future annual shareholder meetings (or special shareholder meetings for which the Company must include executive compensation information in the proxy statement for that meeting). Under this Proposal 4, shareholders may vote to have the say-on-pay vote every year, every two years, or every three years, or the shareholder may abstain. You are not voting to approve or disapprove the Board's recommendation on this item.

The Company's executive compensation program ties a considerable portion of the compensation provided to our named executive officers to our long-term performance. We believe that a triennial vote will give our shareholders the opportunity to more fully assess the success of our long-term compensation strategies and the related business outcomes with the hindsight of three years of corporate performance. In addition, we believe that a three-year cycle allows an appropriate timeframe for our Board to review, evaluate and respond to shareholders' views on executive compensation and to develop and implement any adjustments, if necessary, to our executive compensation program.

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 determining the frequency of future say-on-pay votes.

The Board recommends that the shareholders vote on Proposal 4 to hold say-on-pay votes EVERY THREE YEARS.

PROPOSAL 5- APPROVAL OF THE
NATIONAL BANK HOLDINGS CORPORATION EMPLOYEE STOCK PURCHASE PLAN

We are asking shareholders to adopt and approve our Employee Stock Purchase Plan (the "Purchase Plan"). The Board believes that the adoption and approval of the Purchase Plan is advisable and in the best interests of our shareholders. The Board believes that the Purchase Plan will assist in the retention of current associates and hiring of new associates and provide our associates with an incentive to contribute to our success by providing an opportunity to acquire shares of our common stock in a convenient and an attractive manner.

A summary of the Purchase Plan is set forth below. The description of the Purchase Plan is a summary and is qualified by and subject to the full text of the Purchase Plan, which is attached to this proxy statement as Annex A.

The Board recommends that shareholders vote FOR the proposal to approve the National Bank Holdings Corporation Employee Stock Purchase Plan (Proposal 5).

Purpose

The purpose of the Purchase Plan is to advance our interest and that of our shareholders by providing our associates with a convenient and an attractive means of purchasing shares of our common stock and thereby enhancing their sense of participation in the affairs of the Company. The Purchase Plan enables our eligible associates to purchase, through payroll deductions, shares of our common stock at a discount from the market price of the stock at the time of purchase. The Purchase Plan is intended to qualify as an employee stock purchase plan within the meaning of

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Section 423 of the Internal Revenue Code of 1986, as amended (the “Code”).

Administration

The Compensation Committee will administer the Purchase Plan (absent a determination by the Board to administer the Purchase Plan), and is authorized to delegate its duties and authority to officers and associates of the Company, as appropriate. All determinations and decisions by the Compensation Committee regarding the interpretation or application of the Purchase Plan shall be final and binding on all Purchase Plan participants. The Compensation Committee is also authorized to adopt, amend and rescind rules or procedures relating to the administration of the Purchase Plan.

Eligibility

Our associates who have been employed at least 90 days immediately prior to the commencement of an offering period and who meet such other requirements established by the Compensation Committee prior to the applicable offering period are eligible to participate in the Purchase Plan as of the first day of the offering period after they become eligible to participate in the Purchase Plan. However, no associate is eligible to participate in the Purchase Plan if, immediately after the election to participate, such associate would own stock (including stock such associates may purchase under outstanding rights under the Purchase Plan) representing 5% or more of the total combined voting power or value of all classes of our stock or the stock of any of our subsidiary corporations. In addition, no associate is permitted to participate if the right of such associate to purchase our common stock under the Purchase Plan and all similar purchase plans maintained by us would accrue at a rate that exceeds \$25,000 of the fair market value of such stock (determined at the time the right is granted) for each calendar year.

As of December 31, 2014, we employed approximately 1,056 associates, of whom approximately 1,030 should be eligible as of December 31, 2014 to participate in the Purchase Plan.

Stock Subject to the Purchase Plan

If approved, the Purchase Plan would reserve an aggregate of 400,000 shares of our common stock for issuance under the Purchase Plan.

Enrollment

Eligible associates become participants in the Purchase Plan by completing the enrollment documentation within the time frame established by the Company.

Terms

Offerings; Purchase Dates. Under the Purchase Plan, an offering period will last for six months, and have a six month purchase period. Purchases will be made on the last business day of each purchase period, and the dates of such purchases shall be “purchase dates.” Offering periods will commence on each March 1st and September 1st during the term of the Purchase Plan.

Price and Payment. Associates electing to participate in the Purchase Plan will authorize us to automatically deduct after-tax dollars from each compensation payment until the associate instructs us to stop the deductions or until the associate’s employment is terminated. Participants may contribute between 1% and 15% (in whole percentages) of their compensation through payroll deductions, and the accumulated deductions will be applied to the purchase of whole shares on each purchase date. Compensation for purposes of the Purchase Plan includes the following forms of cash compensation paid to or earned by an associate: gross cash compensation, including base salary and wages, overtime earnings, bonus payments (excluding sign-on bonuses), commissions or any other cash compensation or remuneration approved as “compensation” by the Compensation Committee in accordance with Section 423 of the Code but excluding all expense allowances and compensation paid in a form other than cash or any other compensation or remuneration determined not to be “compensation” by the Compensation Committee in accordance with Section 423 of the Code.

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The purchase price per share will be equal to 90% of the fair market value per share on the last business day of the offering period, provided that the Board may determine to use a different purchase price for any offering period, which purchase price may not be less than 85% of the fair market value on the first or last day of the offering period. The maximum number of shares which may be purchased by any associate on any single purchase date is 2,000 shares.

The fair market value of a share of our common stock will equal the closing price of a share of common stock on the New York Stock Exchange on the date of determination, as reported by such source as selected by our Compensation Committee or, if not traded on such day, the next preceding trading day on which the stock is traded. On March 18, 2015, the closing price of our common stock as reported on the New York Stock Exchange was \$18.76 per share.

Termination of Participation. Associates may end their participation in an offering at any time at least 15 business days before a purchase date. Participation also ends automatically on termination of employment with us or failure of an associate to qualify as an eligible associate. Upon such termination of the associate's participation in the Purchase Plan, such associate's payroll deductions not already used to purchase stock under the Purchase Plan will be returned to the associate.

Adjustment Provisions

The Purchase Plan provides that in the event of certain extraordinary corporate transactions or events affecting us, the Compensation Committee or our Board will or may make such adjustments as it deems appropriate and equitable to (a) the aggregate number and kind of shares of common stock reserved for issuance and delivery under the Purchase Plan, (b) the maximum limitation on shares that may be purchased by a participant, (c) the number and kind of shares of common stock subject to outstanding options, and (d) the exercise price of outstanding options.

In the case of corporate transactions, such as a merger or consolidation, such adjustments may include early termination of the offering period.

Amendment and Termination of the Purchase Plan

The Board or Compensation Committee may at any time amend or terminate the Purchase Plan. Generally, no such termination can affect previously made grants and no amendment may adversely affect the rights of any participant without such participant's consent, provided that the Compensation Committee may terminate an offering period if it determines that the termination of the offering period is in our best interest and that of our shareholders, including in connection with a corporate transaction as described above. In addition, no amendment may be made to the Purchase Plan without approval of our shareholders within 12 months of its adoption by the Board if such amendment increases the number of shares that may be issued under the Purchase Plan or changes the designation of the corporations whose associates (or class of associates) are eligible to participate in the Purchase Plan.

Without shareholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Board or the Compensation Committee is entitled to make such amendments to the Purchase Plan as it determines are advisable if the continuation of the Purchase Plan or any offering period would result in financial accounting treatment for the Purchase Plan that is different from the financial accounting treatment in effect on the date the Purchase Plan was initially adopted by the Board.

Federal Income Tax Information

The following is a general summary under current law of the material federal income tax consequences to participants in the Purchase Plan. This summary deals with the general tax principles that apply and is provided only for general information. Certain types of taxes, such as state and local income taxes, are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The summary does not discuss all aspects of income taxation that may be relevant to a participant in light of his or her personal investment circumstances. This summarized tax information is not tax advice.

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The Purchase Plan is intended to qualify under the provisions of Section 423 of the Code. The Purchase Plan is not subject to any provisions of the Employee Retirement Income Security Act of 1974. Under the applicable Code provisions, no income will be taxable to a participant until the sale or other disposition of the shares purchased under the Purchase Plan. Upon such sale or disposition, the participant will generally be subject to tax in an amount that depends upon the holding period of the shares acquired. If the shares are sold or disposed of more than two years from the first day of the offering period and one year from the date of purchase, the participant will recognize ordinary income measured as the lesser of (1) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price or (2) the purchase price discount. For these tax purposes, the “purchase price discount” is based off the stock price on the first day of the offering period and equals the excess of the fair market value of the stock at the time the option was granted over the option price, computed as if the option had been exercised on the first day of the offering period. Any additional gain will be treated as long-term capital gain. If the shares held for the periods described above are sold and the sale price is less than the purchase price, there is no ordinary income and the participating associate has a long-term capital loss equal to the difference between the sale price and the purchase price. If the shares are sold or otherwise disposed of before the expiration of the holding periods described above, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares were purchased over the purchase price. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on the capital gain holding period. We are not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent of ordinary income recognized upon a sale or disposition of shares prior to the expiration of the holding periods described above. We will treat any transfer of record ownership of shares as a disposition, unless we are notified to the contrary. In order to enable us to learn of dispositions prior to the expiration of the holding periods described above and ascertain the amount of the deductions to which we are entitled, participating associates will be required to notify us in writing of the date and terms of any disposition of shares purchased under the Purchase Plan.

New Plan Benefits

The amounts of future stock purchases under the Purchase Plan are not determinable because, under the terms of the Purchase Plan, purchases are based upon elections made by participants. Future purchase prices are not determinable because they are based upon fair market value of our common stock. As noted above, however, no associate is permitted to participate if the rights of associates to purchase our common stock under the Purchase Plan and all similar purchase plans maintained by us would accrue at a rate that exceeds \$25,000 of the fair market value of such stock (determined at the time the right is granted) for each calendar year.

Equity Compensation Plan Information

The following table provides information with respect to all of our equity compensation plans (i.e., our 2009 Equity Incentive Plan and 2014 Omnibus Incentive Plan) under which securities are authorized for issuance as of December 31, 2014:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted- Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	3,597,111 ⁽¹⁾	\$19.90	5,129,670
Equity compensation plans not approved by security holders	—	—	—
Total	3,597,111	\$19.90	5,129,670

(1) Includes 3,254,331 vested and exercisable options. Does not include the 955,398 voting shares of unvested restricted stock grants outstanding as of December 31, 2014.

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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.

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 eight meetings during 2014. During 2014, 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 2014, the Board met in executive sessions without the CEO and other members of management seven times. During 2014, either the Chairman or 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 2014, 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
Frank V. Cahouet	Frank V. Cahouet	Frank V. Cahouet
Robert E. Dean	Robert E. Dean	Ralph W. Clermont
Lawrence K. Fish	Lawrence K. Fish	Fred J. Joseph
Fred J. Joseph		Micho F. Spring
Micho F. Spring		
Burney S. Warren, III		

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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 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 2014, 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 named executive officers is discussed in the Compensation Discussion and Analysis below.

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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 2014, the Compensation Committee met four 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 “Director Compensation.”

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 2014, 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 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 2015, 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.

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In May 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 concluded, based upon the Company's current size and history and its four 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 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.

The Audit and Risk Committee is responsible for oversight of the Company's market, credit, liquidity, fraud, legal, compliance and other financial, operational 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 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 independent registered public accountant, including in executive session 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 "2016 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.

Compensation Committee Interlocks and Insider Participation

During 2014, our Compensation Committee consisted of Messrs. Warren, Cahouet, Dean and Fish. None of them has at any time been an officer or associate of the Company (other than Mr. Fish, who acted on an exigent basis as Interim Chief Executive Officer in 2010 following the death of our original Chief Executive Officer until Mr. Laney began as CEO), 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.

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DIRECTOR COMPENSATION

Compensation Principles. The Nominating and Governance Committee reviewed director compensation in accordance with its charter in October 2012, assisted by F.W. Cook & Co., Inc. (“F.W. Cook”), the independent compensation consultant that the Nominating and Governance Committee engages for director compensation matters. Based upon such review, the committee recommended and the full Board determined that 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 to further this alignment, directors should have stock ownership requirements;

Director compensation should be at a level appropriate to attract and retain very high caliber directors with exceptional levels of experience; and should be commensurate with the work required and responsibilities undertaken; and

The Company should not pay directors individual meeting fees in order to foster management solicitation of director input and to avoid administrative burdens.

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. In May 2014, the Company revised its board leadership structure, as described under the heading “Board Leadership Structure” above. Prior to these changes, the Chairman of the Board of Directors received an additional \$30,000 annual cash retainer and the chairs of the Audit and Risk, Compensation and Nominating and Governance Committees each received an additional annual cash retainer of \$20,000. In connection with the changes to the Company’s board leadership structure, the newly created independent Lead Director receives an additional \$10,000 annual cash retainer, and the annual cash retainer for the chair of the Audit and Risk Committee was increased to \$30,000. The annual cash retainers for the chairs of the Compensation and Nominating and Governance Committees did not change and remain at \$20,000. In addition, the independent Lead Director receives an annual grant of restricted stock with an aggregate grant date fair value of \$105,000 and each other independent director receives an annual grant of restricted stock with an aggregate grant date fair value of \$90,000. 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. 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.

Stock Ownership Guidelines. We believe that ownership of NBHC stock helps align the interests of our directors with those of shareholders and emphasizes the long-term aspects of equity-based compensation. The Board of Directors adopted stock ownership guidelines for independent directors in 2012. Under these guidelines, our independent directors are required to beneficially own shares of NBHC stock worth four times their annual board cash retainer within five years. Independent directors who do not meet the guidelines are required to retain 50% of the after-tax portion of vested stock awards until the guidelines are met. As of December 31, 2014, the NBHC common stock ownership of each independent director exceeded this stock ownership requirement, with the exception of Mr. Joseph, who joined the Board effective July 1, 2014.

Mr. Laney, as an associate of the Company, does not receive separate compensation for his service on the Board of Directors. Information on his compensation is included under the sections “Compensation Discussion and Analysis” and “Executive Compensation Tables” elsewhere in this proxy statement.

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Compensation for our independent directors during 2014 was as follows:

Director Compensation Table

Name ⁽¹⁾	Fees earned or paid in cash (\$)	Stock awards (\$) ⁽²⁾	Total (\$)
Frank V. Cahouet	75,000	90,000	165,000
Ralph W. Clermont	93,022	105,000	198,022
Robert E. Dean	80,000	90,000	170,000
Lawrence K. Fish	60,000	90,000	150,000
Fred J. Joseph	30,000	76,000	106,000
Micho F. Spring	60,000	90,000	150,000
Burney S. Warren, III	80,000	90,000	170,000

In May 2014, Mr. Cahouet stepped down as Chairman of the Board (and continued to serve as a director) and Mr. (1) Clermont was appointed as the independent Lead Director. Mr. Joseph was appointed to the Board effective July 1, 2014.

Represents the aggregate grant date fair market value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation (“FASB ASC (2) Topic 718”), using the valuation assumptions described in Note 16, “Stock-Based Compensation and Benefits” of our consolidated financial statements filed with the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2014.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Related Person Transactions Policy and Procedures

The Board has adopted a written policy which establishes a framework for the review and approval or ratification of transactions between the Company and its related persons and/or their respective affiliated entities. We refer to this policy as our “Related Person Transactions Policy.” The Related Person Transactions Policy is available on our website at www.nationalbankholdings.com.

“Related Persons” under this policy include our directors, director nominees, executive officers, persons who recently served as directors or executive officers, holders of more than 5% of any class of our voting securities and immediate family members of any of the foregoing persons. An “immediate family member” of a related person means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law of a related person and any person (other than a tenant or employee) sharing a household with a related person.

Under the Related Person Transactions Policy, no Related Person Transaction may be consummated or continued unless approved by the Nominating and Governance Committee.

A “Related Person Transaction” is any transaction, arrangement or relationship (or series of similar transactions, arrangements or relationships) in which the Company (or any of its subsidiaries) is, was or will be a participant and the amount involved exceeds \$120,000, and in which the Related Person had, has or will have a direct or indirect material interest, other than:

Employment relationships or transactions involving an executive officer and any related compensation solely resulting from such employment if (i) at any time when the Company is subject to Sections 13 or 15(d) of the Exchange Act, the compensation is required to be reported in the Company’s annual proxy statement, and at any time when the Company is not subject to such Sections of the Exchange Act, the compensation is approved by the Compensation Committee of the Company or (ii) the executive officer is not an immediate family member as defined above and such compensation was approved, or recommended to the Board for approval, by the Compensation Committee.

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• Compensation for serving as a director of the Company.

• Payments arising solely from the ownership of the Company's equity securities in which all holders of that class of equity securities received the same benefit on a pro rata basis.