

National Bank Holdings Corp
Form DEF 14A
March 31, 2014
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:

5. Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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 7, 2014, 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 2014 (Proposal 2).
3. Approve the National Bank Holdings Corporation 2014 Omnibus Incentive Plan (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 17, 2014 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 31, 2014.

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 24, 2014

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on May 7, 2014: Our Proxy Statement and 2013 Annual Report to Shareholders are also available at www.proxyvote.com.

NATIONAL BANK HOLDINGS CORPORATION

PROXY STATEMENT

2014 ANNUAL MEETING OF SHAREHOLDERS

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Annex A – National Bank Holdings Corporation 2014 Omnibus Incentive Plan

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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 2014 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 7, 2014. 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 2013 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 17, 2014 (the record date) are entitled to notice of, and to vote at, the Meeting. As of such date, there were 41,468,999 shares of Class A common stock outstanding and entitled to vote. In addition, as of such date, there were 1,021,127 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 17, 2014, there were 3,027,774 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 broker, bank 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, PDAs, recording and photographic equipment and/or computers 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.

Proposal 3 (approval of our 2014 Omnibus Incentive 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.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 17, 2014, 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 2013 (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 42,490,126 shares of Class A common stock outstanding as of March 17, 2014 (including 1,021,127 shares of unvested restricted stock granted to certain directors and officers, which shares of restricted stock are entitled to voting rights).

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 17, 2014. 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⁾	1,611,338	3.7 %
Brian F. Lilly ⁽²⁾	251,911	*
Donald G. Gaiter ⁽³⁾	765,933	1.8 %
Richard U. Newfield, Jr. ⁽⁴⁾	387,506	*
Kathryn M. Hinderhofer ⁽⁵⁾	166,103	*
Frank V. Cahouet ⁽⁶⁾	146,530	*
Ralph W. Clermont ⁽⁷⁾	68,711	*
Robert E. Dean ⁽⁸⁾	64,223	*
Lawrence K. Fish ⁽⁹⁾	36,348	*
Micho F. Spring ⁽¹⁰⁾	72,192	*
Burney S. Warren, III ⁽¹¹⁾	64,940	*
All current executive officers and directors as a group (12 persons)	4,161,195	9.2 %
5% Shareholders		
Wellington Management Company, LLP ⁽¹²⁾		
280 Congress Street	4,073,746	9.5 %
Boston, MA 02210		
Elliott Management Group ⁽¹³⁾		
40 West 57th Street, 30th Floor	3,610,436	8.5 %
New York, NY 10019		
Boston Partners ⁽¹⁴⁾		
One Beacon Street	2,511,854	5.9 %
Boston, MA 02108		
The Vanguard Group ⁽¹⁵⁾		
100 Vanguard Blvd.	2,425,046	5.7 %
Malvern, PA 19355		
BlackRock, Inc. ⁽¹⁶⁾		
40 East 52nd Street	2,347,740	5.5 %
New York, NY 10022		

Includes 385,000 unvested restricted shares for which Mr. Laney has voting power and 1,116,667 shares issuable (1) upon the exercise of options. Also includes 38,962 shares owned by the Timothy Laney 2012 Grantor Retained Annuity Trust.

(2) Includes 96,037 unvested restricted shares for which Mr. Lilly has voting power and 133,333 shares issuable upon the exercise of options.

(3) Includes 169,343 unvested restricted shares for which Mr. Gaiter has voting power and 469,166 shares issuable upon the exercise of options.

(4) Includes 98,187 unvested restricted shares for which Mr. Newfield has voting power and 266,666 shares issuable upon the exercise of options.

(5) Includes 46,667 unvested restricted shares for which Ms. Hinderhofer has voting power and 108,333 shares issuable upon the exercise of options.

(6) Includes 3,738 unvested restricted shares for which Mr. Cahouet has voting power and 61,500 shares issuable upon the exercise of options. Also includes 55,300 shares owned by the Frank V. Cahouet Trust.

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- (7) Includes 3,738 unvested restricted shares for which Mr. Clermont has voting power and 42,333 shares issuable upon the exercise of options. Also includes 21,211 shares owned by the Ralph W. Clermont Revocable Trust.
- (8) Includes 3,738 unvested restricted shares for which Mr. Dean has voting power and 42,333 shares issuable upon the exercise of options. Also includes 18,152 shares owned by the Dean Family Trust.
- (9) Includes 3,738 unvested restricted shares for which Mr. Fish has voting power and 4,000 shares issuable upon the exercise of options. Also reflects 5,000 shares owned by LKF Associates, LLC.
- (10) Includes 3,738 unvested restricted shares for which Ms. Spring has voting power and 42,333 shares issuable upon the exercise of options.
- (11) Includes 3,738 unvested restricted shares for which Mr. Warren has voting power and 42,333 shares issuable upon the exercise of options. Also includes 9,584 shares owned by the Burney S. Warren Family Limited Partnership.
- As reported on Schedule 13G filed with the SEC on February 14, 2014 by Wellington Management Company, LLP (“Wellington Management”). Wellington Management reported shared voting and dispositive power with respect to all shares beneficially owned. The shares as to which the Schedule 13G was filed by Wellington Management, in its capacity as investment adviser, are owned of record by clients of Wellington Management.
- (12) Those 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. The number of shares reported includes the shares reported on Schedule 13G filed with the SEC on February 14, 2014 on behalf of Ithan Creek Master Investors (Cayman) L.P. (“Ithan Creek”) and Wellington Hedge Management, LLC (“WHML”), which is the sole general partner of Ithan Creek. Ithan Creek and WHML reported having shared voting and dispositive power with respect to all shares beneficially owned. 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 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.
- (13) As reported on Schedule 13G filed with the SEC on February 12, 2014 by Boston Partners. Boston Partners reported sole voting power with respect to 950,403 shares and sole dispositive power with respect to all shares beneficially owned. The shares as to which the Schedule 13G was filed by Boston Partners, in its capacity as investment adviser, are owned of record by clients of Boston Partners. Those clients do not have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such shares which represents more than 5% of the outstanding shares of the Company. Effective January 2014, Robeco Investment Management, Inc. has adopted Boston Partners as a dba designation reflecting the former name.
- (14) As reported on Schedule 13G filed with the SEC on February 11, 2014 by The Vanguard Group (“Vanguard”). Vanguard reported sole voting power with respect to 60,319 shares, shared dispositive power with respect to 60,319 shares and sole dispositive power with respect to 2,364,727 shares. The shares as to which the Schedule 13G was filed by Vanguard, in its capacity as investment adviser, are owned of record by clients of Vanguard.
- (15) As reported on Schedule 13G filed with the SEC on January 30, 2014 by BlackRock, Inc. (“BlackRock”). BlackRock reported sole voting power with respect to 2,248,297 shares and sole dispositive power with respect to all shares beneficially owned. The shares as to which the Schedule 13G was filed by BlackRock, in its capacity as investment adviser, are owned of record by clients of BlackRock. 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.
- (16)
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Stock Ownership Guidelines

We believe that ownership of NBHC stock helps align the interests of our directors and executive officers with those of shareholders and emphasizes the long-term aspects of equity-based compensation. In 2012, the Board adopted stock ownership guidelines applicable to directors and executive officers.

Independent Directors: Under these guidelines, our independent directors are required to beneficially own shares of NBHC stock worth four times their annual board cash retainer. Independent directors have five years to meet these guidelines. 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.

Executive Officers: Executive officers must beneficially own shares as shown in the table below. If an executive officer's ownership is below the guidelines at the time an equity award vests, the executive officer must retain at least 50% of the total shares vesting.

Title:	Guidelines require owning lesser of:
Chief Executive Officer	5 times base salary or 175,000 shares
Chief Financial Officer Chief of Acquisitions and Strategy	4 times base salary or 60,000 shares
Chief Risk Officer Chief of Enterprise Technology & Integration Chief Administrative Officer & General Counsel	2 times base salary or 25,000 shares

Insider Trading Restrictions

We have adopted an Insider Trading Policy. To further strengthen the alignment between stock ownership and your interests as shareholders, our Insider Trading Policy prohibits all associates, including our directors and executive officers, from engaging in short selling or hedging transactions involving NBHC stock.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership of, and transactions in, the Company's equity securities with the SEC. Such reporting persons are also required to furnish the Company with copies of all Section 16(a) reports that they file. Based solely on a review of the copies of such reports received by the Company, and on written representations from certain reporting persons, the Company believes that none of such reporting person failed to file on a timely basis reports required by Section 16(a) during 2013, except that a Form 4 was inadvertently filed late in October 2013 for each of Ralph W. Clermont, Robert E. Dean, Lawrence K. Fish, Micho F. Spring and Burney S. Warren, III with regard to the vesting of time-based restricted stock.

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PROPOSAL 1—ELECTION OF DIRECTORS

We have set the size of the Board at seven members. The current members are Frank V. Cahouet (Chairman), Ralph W. Clermont, Robert E. Dean, Lawrence K. Fish, G. Timothy Laney, Micho F. Spring and Burney S. Warren, III. Upon the recommendation of the Nominating and Governance Committee, the Board has nominated all of these members for reelection. With the exception of Mr. Laney, who serves as our 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 81

Mr. Cahouet has served as the Company’s Chairman of the Board since October 2009. 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. Mr. Cahouet is an ex officio member of all of our Board committees with full voting rights.

Ralph W. Clermont, Age 66

Mr. Clermont has served as a director for the Company since October 2009 and also serves as Chairman of the Audit and Risk Committee. Mr. Clermont retired in September 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. 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.

Robert E. Dean, Age 62

Mr. Dean has served as a director for the Company since June 2009 and also serves as Chairman of the Nominating and Governance Committee. Mr. Dean is a private investor. From October 2000 to December 2003, Mr. Dean was

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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 December 2001 to December 2003. From June 1976 to September 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. From 2004 to 2009, Mr. Dean served as a director, chairman of the Compensation Committee and a member of the Audit Committee of the board of directors of Specialty Underwriters' Alliance, Inc. and during 2009 was a member of the board's Strategic Review Committee. 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. 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.

Lawrence K. Fish, Age 69

Mr. Fish has served as a director for the Company since January 2010. Mr. Fish acted on an exigent basis as our Interim Chief Executive Officer in 2010 following the death of our original Chief Executive Officer until Mr. Laney began as CEO in June 2010. Mr. Fish is the retired Chairman and Chief Executive Officer of Citizens Financial Group, a multi-state bank holding company headquartered in Providence, Rhode Island, from 1992 until 2007. Under Mr. Fish's leadership, Citizens grew from a \$4 billion savings institution to one of the ten largest commercial bank holding companies in the United States, with approximately \$160 billion in assets. Mr. Fish was a member of the board of directors of the Royal Bank of Scotland PLC, Citizens' parent company, from 1993 through 2008. He is also a past member of the Federal Advisory Council of the Federal Reserve System and a former director of the Federal Reserve Bank of Boston.

Mr. Fish is Chairman of Houghton Mifflin Harcourt and a Director of Textron Inc. and Tiffany and Co. and Trustee Emeritus of The Brookings Institution in Washington, D.C. In July 2003, he was named to the MIT Corporation, which is the Board of Trustees of Massachusetts Institute of Technology. A 1966 graduate of Drake University, Mr. Fish earned an MBA from the Harvard Graduate School of Business Administration in 1968. Mr. Fish is the recipient of several honorary doctorate degrees. Mr. Fish's extensive financial institutions regulatory and public policy experience as well as executive leadership of financial institutions give him a valuable perspective relevant to our Company's business, financial performance and risk oversight and qualify him to serve on the Board of Directors.

G. Timothy Laney, Age 53

Mr. Laney has served as the Company's President and Chief Executive Officer and as a director for the Company since June 2010. 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 64

Ms. Spring has served as a director for the Company since October 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

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Greater Boston Chamber of Commerce and serves on numerous boards of civic organizations including the John F. Kennedy Library Foundation, The Boston Foundation, Friends of Caritas Cubana and the Massachusetts Women’s Forum, of which she is a past President. She currently serves as a director of the Taubman Center Advisory Board at Harvard’s Kennedy School of Government. 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 66

Mr. Warren has served as a director for the Company since October 2009 and also serves as Chairman of the Compensation Committee. Mr. Warren has also served as an advisor to First Financial Holdings, Inc., 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 experience at 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, 2014. 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 2014 (Proposal 2).

KPMG Fees

We incurred the fees shown in the following table for professional services provided by KPMG for 2013 and 2012:

	2013	2012
Audit fees	\$1,337,500	\$1,577,425
Audit-related fees	150,779	