

National Bank Holdings Corp  
Form S-1/A  
September 25, 2012  
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As filed with the Securities and Exchange Commission on September 25, 2012

Registration No. 333-184054

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**AMENDMENT NO. 1**  
**TO**  
**FORM S-1**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

**National Bank Holdings Corporation**

(Exact Name of Registrant as Specified in Its Charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>6021</b> (Primary Standard Industrial Classification Code Number) 5570 DTC Parkway	<b>27-0563799</b> (I.R.S. Employer Identification Number)
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Greenwood Village, Colorado 80111

(720) 529-3336

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**G. Timothy Laney**

**President and Chief Executive Officer**

**National Bank Holdings Corporation**

5570 DTC Parkway

Greenwood Village, Colorado 80111

(720) 529-3336

(Address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

<i>Large accelerated filer</i>	<input type="checkbox"/>		<i>Accelerated Filer</i>	<input type="checkbox"/>
<i>Non-accelerated filer</i>	<input checked="" type="checkbox"/>	<i>(Do not check if a smaller reporting company)</i>	<i>Smaller reporting company</i>	<input type="checkbox"/>

**The Registrant hereby amends this Registration Statement on such date as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this preliminary prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion. Dated September 25, 2012**

PROSPECTUS

**43,508,820 Shares**

**National Bank Holdings Corporation**  
**Class A Common Stock**

This prospectus relates to the offering of up to 43,508,820 of our Class A common stock by the selling stockholders identified in this prospectus. The shares of Class A common stock offered by this prospectus were acquired by the selling stockholders in connection with our October 2009 private placements or in transactions since that time that were exempt from the registration or are issuable upon conversion of our Class B non-voting common stock. We are registering the offer and sale of the shares of Class A common stock to satisfy registration rights we have granted.

We are not selling any shares of common stock under this prospectus and will not receive any proceeds from the sale of common stock by the selling stockholders. The shares of common stock to which this prospectus relates may be offered and sold from time to time directly from the selling stockholders or alternatively through underwriters or broker-dealers or agents. The shares of common stock may be sold in one or more transactions, at fixed prices, at prevailing market prices at the time of sale or at negotiated prices. Please read Plan of Distribution.

Our Class A common stock recently began trading on the New York Stock Exchange under the symbol NBHC. On September 24, 2012, the last reported selling price of our Class A common stock on the New York Stock Exchange was \$19.55 per share.

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012.

**See Risk Factors beginning on page 16 to read about factors you should consider before making an investment decision to purchase our Class A common stock.**

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**The shares of our Class A common stock that you purchase in this offering will not be savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2012

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**About this Prospectus**

Neither we nor the selling stockholders have authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the selling stockholders take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the selling stockholders are making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

No action is being taken in any jurisdiction outside the United States to permit a public offering of our securities or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about, and to observe, any restrictions as to the offering and the distribution of this prospectus applicable to those jurisdictions.

**Market Data**

Market data used in this prospectus has been obtained from independent industry sources and publications as well as from research reports prepared for other purposes. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified the data obtained from these sources. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this prospectus.

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**PROSPECTUS SUMMARY**

*This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before making an investment decision to purchase Class A common stock in this offering. You should read the entire prospectus carefully, including the section entitled Risk Factors, our consolidated financial statements, as well as the statements of assets acquired and liabilities assumed for each of our acquisitions, and the related notes thereto and management's discussion and analysis of financial condition and results of operations included elsewhere in this prospectus, before making an investment decision to purchase our Class A common stock. Unless we state otherwise or the context otherwise requires, references in this prospectus to we, our, us, NBH, NBH Holdings Corp. and the Company refer to National Bank Holdings Corporation, a Delaware corporation and its consolidated subsidiaries.*

**Company Overview**

National Bank Holdings Corporation is a bank holding company incorporated in the State of Delaware in June 2009. In October 2009, we raised net proceeds of approximately \$974 million through a private offering of our common stock. We completed the initial public offering of our Class A common stock in September 2012. We are executing a strategy to create long-term stockholder value through the acquisition and operation of community banking franchises and other complementary businesses in our targeted markets. We believe these markets exhibit attractive demographic attributes, are home to a substantial number of financial institutions, including troubled financial institutions, and present favorable competitive dynamics, thereby offering long-term opportunities for growth. Our emphasis is on creating meaningful market share with strong revenues complemented by operational efficiencies that we believe will produce attractive risk-adjusted returns.

We believe we have a disciplined approach to acquisitions, both in terms of the selection of targets and the structuring of transactions, which has been exhibited by our four acquisitions to date. As of June 30, 2012, we had approximately \$5.8 billion in assets, \$4.5 billion in deposits and \$1.1 billion in stockholders' equity. We currently operate a network of 101 full-service banking centers, with the majority of those banking centers located in the greater Kansas City region and Colorado. We believe that our established presence positions us well for growth opportunities in our current and complementary markets.

We have a management team consisting of experienced banking executives led by President and Chief Executive Officer G. Timothy Laney. Mr. Laney brings 30 years of banking experience, 24 of which were at Bank of America in a wide range of executive management roles, including serving on Bank of America's Management Operating Committee. In late 2007, Mr. Laney joined Regions Financial as Senior Executive Vice President and Head of Business Services. Mr. Laney leads our team of executives that have significant experience in completing and integrating mergers and acquisitions and operating banks. Additionally, our board of directors, led by Chairman Frank Cahouet, the former Chairman, President and Chief Executive Officer of Mellon Financial, is highly accomplished in the banking industry and includes individuals with broad experience operating and working with banking institutions, regulators and governance considerations.

**Our Business Strategy**

Our strategic plan is to become a leading regional bank holding company through selective acquisitions of financial institutions, including troubled financial institutions that have stable core franchises and significant local market share as well as other complementary businesses, while structuring the transactions to limit risk. We plan to achieve this through the acquisition of banking franchises from the Federal Deposit Insurance Corporation (the FDIC) and through conservatively structured unassisted transactions. We seek acquisitions that offer opportunities for clear financial benefits through add-on transactions, long-term organic growth opportunities and expense reductions. Additionally, our acquisition strategy is to identify markets that are



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relatively unconsolidated, establish a meaningful presence within those markets, and take advantage of operational efficiencies and enhanced market position. Our focus is on building strong banking relationships with small- and mid-sized businesses and consumers, while maintaining a low risk profile designed to generate reliable income streams and attractive risk-adjusted returns. The key components of our strategic plan are:

*Disciplined acquisitions.* We seek to carefully select banking acquisition opportunities that we believe have stable core franchises and significant local market share, while structuring the transactions to limit risk. Further, we seek acquisitions in attractive markets that offer substantial benefits through reliable income streams, potential add-on transactions, long-term organic growth opportunities and expense reductions. We believe we utilize a comprehensive, conservative due diligence process that is strongly focused on loan credit quality.

*Attractive markets.* We seek to acquire banking franchises in markets that exhibit attractive demographic attributes. Our focus is on comparatively healthy business markets that are home to a substantial number of financial institutions, including troubled financial institutions for which we believe there are a limited number of potential acquirors. Additionally, we seek banking markets that present favorable competitive dynamics and a lack of consolidation in order to position us for long-term growth. We believe that our two current markets the greater Kansas City region and Colorado meet these objectives. We intend to continue to make banking acquisitions in these markets and in complementary markets to expand our existing franchise.

*Focus on client-centered, relationship-driven banking strategy.* We continue to add consumer and commercial bankers to execute on a client-centered, relationship-driven banking model. Our consumer bankers focus on knowing their clients in order to best meet their financial needs, offering a full complement of loan, deposit and online banking solutions. Our commercial bankers focus on small- and mid-sized businesses with an advisory approach that emphasizes understanding the client's business and offering a complete array of loan, deposit and treasury management products and services.

*Expansion through organic growth and enhanced product offerings.* We believe that our focus on attractive markets will provide long-term opportunities for organic growth, particularly in an improving economic environment. We also believe that our focus on serving consumers and small- to mid-sized businesses, coupled with our enhanced product offerings, will provide an expanded revenue base and new sources of fee income.

*Operating platform and efficiencies.* We have consolidated our acquired banks under one charter and we intend to continue to utilize our comprehensive underwriting and risk management processes while maintaining local branding and leadership. We have integrated all of our acquired banks onto one state-of-the-art operating platform that we believe will provide scalable technology to support and integrate future growth and realize operating efficiencies throughout our enterprise.

We believe our strategy growth through selective acquisitions in attractive markets and growth through the retention, expansion and development of client-centered relationships provides flexibility regardless of economic conditions. We also believe that our established platform for assessing, executing and integrating acquisitions (including FDIC-assisted transactions) creates opportunities in a prolonged economic downturn while the combination of attractive market factors, franchise scale in our targeted markets and our relationship-centered banking focus creates opportunities in an improving economic environment.

## **Our Markets**

### **Market Criteria**

We focus on markets that we believe are characterized by some or all of the following:

Attractive demographics with household income and population growth above the national average



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Concentration of business activity

High quality deposit bases

Advantageous competitive landscape that provides opportunity to achieve meaningful market presence

A substantial number of financial institutions including troubled financial institutions as potential acquisition targets

Lack of consolidation in the banking sector and corresponding opportunities for add-on transactions

Markets sizeable enough to support our long-term growth objectives

**Current Markets**

Our current markets are broadly defined as the greater Kansas City region and Colorado. Our specific emphasis is on the I-35 corridor surrounding the Kansas City metropolitan statistical area ( MSA ) and the Colorado Front Range corridor, defined as the Denver, Boulder, Colorado Springs, Fort Collins and Greeley MSAs. The table below describes certain key statistics regarding our presence in these markets as of June 30, 2011 (the last date as of which data are available), adjusted to reflect our acquisitions of Bank of Choice and Community Banks of Colorado.

States	Deposit Market Share Rank (1)	Banking Centers(1)	Deposits (millions) (1)	Deposit Market Share (1)
Missouri	9	41	\$ 2,246.6	1.7%
Colorado	6	56	2,077.1	2.2
Kansas	12	24	909.2	1.5

  

MSAs	Deposit Market Share Rank (1)	Banking Centers(1)	Deposits (millions) (1)	Deposit Market Share (1)
Kansas City, MO-KS	6	50	\$ 2,269.8	5.2%
Denver-Aurora-Broomfield, CO	12	21	887.0	1.5
Greeley, CO	2	5	301.7	10.3
Saint Joseph, MO-KS	3	4	268.3	12.9
Maryville, MO	2	3	162.5	31.7
Kirksville, MO	2	2	157.1	25.3
Fort Collins-Loveland, CO	13	4	104.3	2.2

(1) Excludes our Texas and California operations and MSAs in which we have less than \$100 million in deposits.  
 Source: SNL Financial as of June 30, 2011, except Banking Centers, which reflects the most recently available data.

We believe that these markets have highly attractive demographic, economic and competitive dynamics that are consistent with our objectives and favorable to executing our acquisition and organic growth strategy. The table below describes certain key demographic statistics regarding these markets.

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<b>Markets</b>	<b>Deposits (billions)</b>	<b># of Businesses (thousands)</b>	<b>Population (millions)</b>	<b>Population Density (#/sq. mile)</b>	<b>Population Growth (1)</b>	<b>Median Household Income</b>	<b>Top 3 Competitor Combined Deposit Market Share</b>
Kansas City, MO-KS MSA	\$ 43.6	72.8	2.1	258.0	11.7%	\$ 54,393	33%
CO Front Range (2)	78.2	154.9	4.1	274.0	19.9	57,764	47
U.S.				88.0	10.4	50,227	53 <sup>(3)</sup>

(1) Population growths are for the period 2000 through 2011.

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- (2) CO Front Range is a population weighted average of the following Colorado MSAs: Denver, Boulder, Colorado Springs, Fort Collins and Greeley.
- (3) Based on U.S. Top 20 MSAs (determined by population).

Source: SNL Financial as of December 31, 2011 except Deposits and Top 3 Competitor Combined Deposit Market Shares, which reflects data as of June 30, 2011.

**Prospective Markets**

We believe there is significant opportunity to both enhance our presence in our current markets and enter new complementary markets that meet our objectives. As we evaluate potential acquisition opportunities, we believe there are many financial institutions that continue to face credit challenges, capital constraints and liquidity issues. As of June 30, 2012, according to SNL Financial 48 banks in our current markets and in surrounding states had Texas Ratios either (1) in excess of 100% or (2) less than 0%. Texas Ratio is a key measure of a bank's financial health and is defined as the sum of nonaccrual loans, troubled debt restructurings (TDRs), other real estate owned (OREO) and loans 90 days or more past due and still accruing divided by the sum of the bank's tangible common equity and loan loss reserves. If a bank's Texas Ratio is negative, it indicates that the bank has negative tangible common equity and is therefore generally considered insolvent and also a potential acquisition target. Additionally, as of June 30, 2012, according to SNL Financial there were 80 other banks with assets between \$750 million and \$10 billion and Texas Ratios (1) less than 100% and (2) greater than 0%, which present potential acquisition opportunities that we believe would complement our product offerings while simultaneously taking advantage of operating efficiencies and scale and our local branding and leadership. We believe those dynamics will provide ongoing opportunities for us to continue to execute our acquisition strategy over the next several years. We also believe there are a number of healthy banks in these markets that would complement our breadth of products and services and benefit from our operating effectiveness and scale while welcoming our approach to local branding and leadership.

The table below highlights banks with a Texas Ratio either (1) in excess of 100% or (2) less than 0% and banks with a Texas Ratio less than 100% and assets between \$750 million and \$10 billion:

	Banks with Texas Ratios > 100% or <0%			Other Banks With Assets Between \$750mm and \$10bn		
	# of Banks	Total Assets (\$ millions)	Total Deposits (\$ millions)	# of Banks	Total Assets (\$ millions)	Total Deposits (\$ millions)
<b>By Urban Corridor</b>						
Kansas City MSA	8	\$ 4,442	\$ 3,319	5	\$ 8,011	\$ 7,208
Colorado Front Range	8	2,554	2,296	5	8,809	7,137
<b>Urban Corridor Total</b>	<b>16</b>	<b>\$ 6,996</b>	<b>\$ 5,614</b>	<b>10</b>	<b>\$ 16,820</b>	<b>\$ 14,346</b>
<b>By State</b>						
Missouri	19	\$ 13,213	\$ 11,284	20	\$ 27,489	\$ 21,595
Kansas	4	2,145	1,566	10	25,040	17,052
Colorado	13	4,387	3,921	6	11,090	9,056
<b>State Total</b>	<b>36</b>	<b>\$ 19,745</b>	<b>\$ 16,771</b>	<b>36</b>	<b>\$ 63,620</b>	<b>\$ 47,703</b>
Surrounding States (Iowa, Montana, Nebraska, Wyoming, South and North Dakota)						
<b>Surrounding States Total</b>	<b>12</b>	<b>\$ 4,799</b>	<b>\$ 3,958</b>	<b>44</b>	<b>\$ 88,316</b>	<b>\$ 65,711</b>
<b>State &amp; Surrounding States Total</b>	<b>48</b>	<b>\$ 24,544</b>	<b>\$ 20,728</b>	<b>80</b>	<b>\$ 151,936</b>	<b>\$ 113,414</b>

Source: SNL Financial based on financial information as of June 30, 2012.



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Since October 2010, we have completed four acquisitions. We established our presence in the greater Kansas City region through two complementary acquisitions completed in the fourth quarter of 2010. On October 22, 2010, we acquired selected assets and assumed selected liabilities of Hillcrest Bank of Overland Park, Kansas from the FDIC. Through this transaction, we acquired nine full-service banking centers and 32 retirement center locations, which are predominantly located in the greater Kansas City region but also include one full-service banking center and six retirement centers in Colorado and two full-service banking centers and six retirement centers in Texas. On December 10, 2010, we completed our acquisition, without FDIC assistance, of a portion of the franchise of Bank Midwest, N.A., which consisted of select performing loans and client deposits, and included 39 full-service banking centers. As a result of these acquisitions, at June 30, 2011 (the last date as of which data are available), we were the sixth largest depository institution in the Kansas City MSA ranked by deposits with a 5.2% deposit market share according to SNL Financial.

We expanded in the Colorado market through two complementary acquisitions beginning with the purchase of selected assets and assumption of selected liabilities of Bank of Choice, a state chartered commercial bank based in Greeley, Colorado, from the FDIC on July 22, 2011, which included 16 full-service banking centers. On October 21, 2011, we acquired selected assets and assumed selected liabilities of Community Banks of Colorado, a state chartered bank based in Greenwood Village, Colorado, from the FDIC, which included 36 full-service banking centers in Colorado and four in California. The Community Banks of Colorado acquisition enhanced our penetration into the Colorado market, giving us a combined network of 52 full-service banking centers in that state ranking us as the sixth largest depository institution by deposits with a 2.2% deposit market share as of June 30, 2011 (the last date as of which data are available) according to SNL Financial.

We believe we have a disciplined approach to acquisitions, which has been exhibited in our four acquisitions to date. We believe that we have established critical mass in our current markets and have structured acquisitions that limit our credit risk, which have positioned us for attractive risk-adjusted returns. Selected highlights of our acquisitions as of the respective acquisition dates appear in the following table (dollars in thousands):

Acquisition	Date of Acquisition	Fair Value		Full-Service Banking Centers Acquired	After-tax Bargain Purchase Gain(1)	After-tax Accretible Yield(1)	Goodwill and Core Deposit Intangible
		Assets Acquired	Deposits Assumed				
Greater Kansas City Region:							
Hillcrest Bank (FDIC-assisted)	10/22/2010	\$ 1,376,745	\$ 1,234,013	9	\$ 22,840	\$ 68,523	\$ 5,760
Bank Midwest	12/10/2010	2,426,406	2,385,897	39		13,747	74,092
<b>Subtotal</b>		<b>\$ 3,803,151</b>	<b>\$ 3,619,910</b>	<b>48</b>	<b>\$ 22,840</b>	<b>\$ 82,270</b>	<b>\$ 79,852</b>
Colorado Market:							
Bank of Choice (FDIC-assisted)	7/22/2011	\$ 949,503	\$ 760,227	16	\$ 36,589	\$ 23,710	\$ 5,190
Community Banks of Colorado (FDIC-assisted)	10/21/2011	1,228,284	1,194,987	40		74,749	11,998
<b>Subtotal</b>		<b>\$ 2,177,787</b>	<b>\$ 1,955,214</b>	<b>56</b>	<b>\$ 36,589</b>	<b>\$ 98,459</b>	<b>\$ 17,188</b>
<b>Total</b>		<b>\$ 5,980,938</b>	<b>\$ 5,575,124</b>	<b>104</b>	<b>\$ 59,429</b>	<b>\$ 180,729</b>	<b>\$ 97,040</b>

(1) Tax adjustments are calculated at a rate equal to the effective tax rate for the Company in 2011.

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*Leading risk-adjusted operating performance* Since the fourth quarter of 2010, the beginning of our operating history, we have been able to achieve profitability. For the six months ended June 30, 2012, we had a leading risk-adjusted operating performance for a bank of our size, as measured by our top quartile rank among U.S. bank holding companies with \$3 billion to \$10 billion of total assets in terms of pre-tax pre-provision net revenue to risk weighted assets.

	<b>Pre-Tax Pre-Provision Net Revenue (1)/ Risk Weighted Assets</b>
<b>For the six months ended June 30, 2012</b>	
NBH (Actual)	2.75%
NBH (Adjusted) (2)	3.20%
Median of U.S. bank holding companies with \$3.0 to \$10.0 billion in Total Assets	2.21%
1st Quartile Cut-Off	2.68%

- (1) Pre-tax pre-provision net revenue is defined as net income without giving effect to loan loss provision and income tax expense. Pre-tax pre-provision net revenue to risk-weighted assets is a financial measure not reported in accordance with the accounting principles generally accepted in the United States ( GAAP ) (a non-GAAP financial measure ), which we use as supplemental measure to evaluate our performance. We believe that the most comparable GAAP financial measure to the ratio of pre-tax pre-provision net revenue to risk weighted assets is the ratio of net income to risk weighted assets, which was 0.44% for the six months ended June 30, 2012. For a reconciliation of all non-GAAP financial measures, see Management's Discussion and Analysis of Financial Condition and Results of Operations About Non-GAAP Financial Measures.
- (2) Adjusted pre-tax pre-provision net revenue to risk-weighted average is a non-GAAP financial measure that excludes stock-based compensation expense, loss (gain) on sale of securities, bargain purchase gains, and related acquisition expenses. We believe that it is appropriate to adjust for these items because these expenses do not fluctuate in the same manner, or for the same reasons, as do our other operating expenses or the comparable expenses of our peers, and we believe that the adjusted measure is more representative of management's plans for the future operations and compensatory policies. In connection with the formation of the Company, all members of our board of directors and executive management and other select members of management were granted equity awards, and we do not expect grants of such large quantities to be granted at any single time in the near future. As a result, once the vesting requirements of these awards have been satisfied, we expect that the related compensation expense will decrease substantially. Information with respect to bank holding companies included in the median and first quartile comparative data has not been adjusted to exclude any stock-based compensation expense, loss (gain) on sale of securities, bargain purchase gains and related acquisition expenses. For a reconciliation of this non-GAAP financial measure, see note 7 to the Selected Historical Consolidated Financial Information.

Source: SNL Financial

We believe our ability to operate efficiently is enhanced by our centralized management structure, our access to attractive labor and real estate costs in our markets, and an infrastructure that is unencumbered by legacy systems. Furthermore, we anticipate additional expense synergies from the integration of our recent acquisitions, which we believe will enhance our financial performance.

*Disciplined focus on building meaningful scale in attractive markets.* We believe our current and prospective markets present substantial acquisition and long-term organic growth opportunities, based





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on the number of financial institutions, including troubled financial institutions, retrenching competitors and attractive demographic characteristics. We are actively executing on our strategy to build further scale in our markets and, as of June 30, 2011 (the last date as of which data are available), according to SNL Financial, after giving effect to the Bank of Choice and Community Banks of Colorado acquisitions (as of their acquisition dates):

over 77% of our deposits were concentrated in the Kansas City MSA and Colorado;

we were ranked as the sixth largest depository institution in the Kansas City MSA with a 5.2% deposit market share; and

we were ranked as the sixth largest depository institution in Colorado with a 2.2% deposit market share.

*Attractive risk profile.* Nearly our entire loan portfolio has been subjected to acquisition accounting adjustments and, in some cases, is also subject to loss sharing arrangements with the FDIC:

as of June 30, 2012, approximately 86.3% of our loans (by dollar amount) were acquired loans and all of those loans were adjusted to their estimated fair values at the time of acquisition;

as of June 30, 2012, 38.7% of our loans and 56.3% of our OREO (each by dollar amount) were covered by a loss sharing arrangement with the FDIC; and

for our Bank Midwest acquisition, we selected the acquired assets based on comprehensive due diligence and purchased only select performing loans at that time and client deposits.

We believe we have developed a disciplined and comprehensive credit due diligence process that takes into consideration the potential for a prolonged economic downturn and continued pressure on real estate values. In addition, we have been able to quickly implement conservative credit and operating policies in acquired franchises, allowing for the application of consistent, enterprise-wide risk management procedures, which we believe will help drive continued improvements in asset quality.

*Expertise in FDIC-assisted and unassisted bank transactions.* We believe our discipline and selectivity in identifying target franchises, along with our successful history of working with the FDIC and directly with troubled financial institutions, provide us a substantial advantage in pursuing and consummating future acquisitions. Additionally, we believe our strengths in structuring transactions to limit our risk, our experience in the financial reporting and regulatory process related to troubled bank acquisitions, and our ongoing risk management expertise, particularly in problem loan workouts, collectively enable us to capitalize on the potential of the franchises we acquire.

*Experienced and respected management team and board of directors.* Our management team is led by Mr. Laney, a 30-year veteran of the banking industry with significant experience in running complex franchises at both Bank of America and Regions Financial. Mr. Laney leads a respected executive team of bankers with extensive experience at nationally recognized financial institutions who have, on average, 32 years of banking experience and have, collectively, completed 56 acquisitions worth over \$139.0 billion in assets. Many of our management team members have extensive experience working together, including at Bank of America or Citizens Financial Group. In addition, our board of directors, led by Chairman Frank Cahouet, is highly accomplished and well versed in the banking industry and provides substantial expertise and experience and valuable perspective to our growth and operating strategies.

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*New operating platform implemented and positioned for growth.* We have invested in our infrastructure and technology through the implementation of an efficient, industry-leading, scalable platform that supports our risk management activities and our potential for significant future growth and new product offerings. We have centralized many of our operational functions in Kansas City, which has desirable

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cost and labor market characteristics. We have built enterprise-wide finance and risk management capabilities that we expect will afford efficiencies as we grow. As we continue to pursue acquisitions, we will seek to integrate new banks quickly and seamlessly convert them to our platform, with a focus on exceeding expectations of our clients and employees while keeping our operating costs low.

*Available capital to support growth.* As of June 30, 2012, we had approximately \$350 million and \$475 million of excess capital available on a consolidated basis, assuming a 10% and 8% Tier 1 leverage ratio, respectively, to continue to implement our acquisition strategy and to support growth in our existing banking franchises. As of June 30, 2012, our capital ratios exceeded both regulatory guidelines and the level at which we would expect to operate long-term following the deployment of our excess capital.

### **The Restructuring**

In connection with the Hillcrest Bank and Bank Midwest acquisitions, we established two newly chartered banks, Hillcrest Bank, N.A. and Bank Midwest, N.A. Subsequently, Bank Midwest, N.A. acquired Bank of Choice and Community Banks of Colorado. In November 2011, we merged Hillcrest Bank, N.A. into Bank Midwest, N.A., consolidating our banking operations under a single charter. We changed the legal name of Bank Midwest, N.A. to NBH Bank, N.A., which we refer to as NBH Bank or the Bank, on May 20, 2012. Through our subsidiary NBH Bank, we operate under the following brand names: Bank Midwest in Kansas and Missouri, Community Banks of Colorado in Colorado and California and Hillcrest Bank in Texas. We believe that conducting our banking operations under a single charter streamlines our operations and enables us to more effectively and efficiently execute our growth strategy. On March 26, 2012, we changed our legal name from NBH Holdings Corp. to National Bank Holdings Corporation.

### **Additional Information**

Our principal executive offices are located at 5570 DTC Parkway, Greenwood Village, Colorado 80111. Our telephone number is (720) 529-3336. Our internet address is [www.nationalbankholdings.com](http://www.nationalbankholdings.com). Information on, or accessible through, our web site is not part of this prospectus.

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**The Offering**

<b>Class A common stock offered by the selling stockholders</b>	43,508,820 shares of Class A common stock.
<b>Common Stock outstanding after this offering</b>	52,191,239 shares of Class A common stock and no shares of Class B common stock. <sup>(1)</sup>
<b>Use of proceeds</b>	We will not receive any proceeds from the sale of shares of our Class A common stock by the selling stockholders in this offering.
<b>Regulatory ownership restrictions</b>	We are a bank holding company. A holder of shares of common stock (or group of holders acting in concert) that (i) directly or indirectly owns, controls or has the power to vote more than 5% of the total voting power of the Company, (ii) directly or indirectly owns, controls or has the power to vote 10% or more of any class of voting securities of the Company, (iii) directly or indirectly owns, controls or has the power to vote 25% or more of the total equity of the Company, or (iv) is otherwise deemed to control the Company under applicable regulatory standards, may be subject to important restrictions, such as prior regulatory notice or approval requirements and applicable provisions of the FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions, or the FDIC Policy Statement. For a further discussion of regulatory ownership restrictions, see Supervision and Regulation.

(1) Based on 44,645,886 shares of Class A common stock and 7,545,353 shares of Class B non-voting common stock issued and outstanding as of June 30, 2012 of which 1,641,314 shares of Class A common stock were converted to shares of Class A common stock in conjunction with our initial public offering and the remainder of which will be converted to Class A common stock when sold in this offering. As of June 30, 2012, there were 98 holders of our Class A common stock and six holders of our Class B non-voting common stock. Unless otherwise indicated, information contained in this prospectus regarding the number of shares of our common stock outstanding immediately after this offering does not include:

1,174,792 shares of restricted Class A common stock issued but not yet vested under the NBH Holdings Corp. 2009 Equity Incentive Plan;

830,750 shares of Class A common stock or Class B non-voting common stock issuable upon exercise of outstanding warrants with an exercise price of \$20.00 per share;

8,416 shares of Class A common stock issuable upon exercise of outstanding value appreciation instruments issued to the FDIC at a weighted average exercise price of \$18.44 per share, assuming (1) the FDIC exercises its right to receive payment in full in shares of Class A common stock, and (2) the price at which the FDIC exercises such right is \$19.25 per share of Class A common stock, the offering price of Class A common stock in our recent initial public offering;

3,473,332 shares of Class A common stock issuable upon exercise of outstanding stock options with a weighted average exercise price of \$20.00 per share, of which 1,070,418 shares were vested as of June 30, 2012; and

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846,917 shares of Class A common stock reserved for future issuance under the NBH Holdings Corp. 2009 Equity Incentive Plan, assuming the exercise in full of the underwriters' option to purchase additional shares of our Class A common stock (excluding the 3,473,332 shares issuable upon exercise of outstanding stock options as noted above).

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**Oversight by the Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation**

Our bank subsidiary, NBH Bank, N.A., is a national bank chartered under federal law and is subject to supervision and examination by the Office of the Comptroller of the Currency (the OCC). The Bank is subject to specific requirements pursuant to an operating agreement it entered into with the OCC (the OCC Operating Agreement) in connection with its acquisition. Until the termination of the OCC Operating Agreement, the OCC Operating Agreement requires, among other things, that the Bank maintain various financial and capital ratios, restrict dividend payments, provide notice to, and obtain consent from, the OCC with respect to any additional failed bank acquisitions from the FDIC or, until December 2013, the appointment of any new director or senior executive officer of the Bank and review progress under its comprehensive business plan quarterly. The OCC Operating Agreement requires that the Bank maintain total capital at least equal to 12% of risk-weighted assets, tier 1 capital at least equal to 11% of risk-weighted assets and tier 1 capital at least equal to 10% of adjusted total assets. See Supervision and Regulation NBH Bank N.A. as a National Bank.

The Bank's deposits are insured by the FDIC. The Bank (and, with respect to certain provisions, the Company) is subject to an Order of the FDIC (the FDIC Order) issued in connection with the FDIC's approval of our applications for deposit insurance for the Bank. The FDIC Order requires, among other things, that, until December 2013, the Bank must obtain the FDIC's approval before implementing certain compensation plans, submit updated business plans and reports of material deviations from those plans to the FDIC and comply with the applicable requirements of the FDIC Policy Statement. Additionally, the FDIC Order requires that the Bank maintain capital levels of at least a 10% tier 1 leverage ratio and a 10% tier 1 risk-based capital ratio until December 2013.

**Dividend policy**

From our inception to date, we have not paid cash dividends to holders of our Class A or Class B common stock. We have announced that following the completion of our recent initial public offering, we intend to commence the payment of a \$0.05 per share dividend on a quarterly basis to holders of our common stock. It is also our intent to establish a dividend policy pursuant to which we will distribute an amount approximately equal to 25% of our consolidated annual net income in the form of dividends to holders of our common stock.

Currently, NBH Bank, N.A., our bank subsidiary, is prohibited by its OCC Operating Agreement from paying dividends to us until December 2013 and, therefore, any dividends on our common stock would have to be paid from funds available at the holding company level.

For additional information, see Dividend Policy.

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<b>Class A common stock and Class B non-voting common stock</b>	The Class A common stock possesses all of the voting power for all matters requiring action by holders of our common stock, with certain limited exceptions. Our certificate of incorporation provides that, except with respect to voting rights and conversion rights, the Class A common stock and Class B non-voting common stock are treated equally and identically.
<b>Listing</b>	Our Class A common stock recently began trading on the New York Stock Exchange under the trading symbol NBHC.
<b>Risk factors</b>	Investing in our Class A common stock involves risks. Please read the section entitled Risk Factors beginning on page 16 for a discussion of various matters you should consider before making an investment decision to purchase our Class A common stock.



**Table of Contents****Summary Selected Historical Consolidated Financial Information**

The following table sets forth summary selected historical financial information as of December 31, 2009 and for the period from June 16, 2009 (inception) to December 31, 2009 and as of and for the years ended December 31, 2010 and December 31, 2011, and as of and for the six months ended June 30, 2012 and for the six months ended June 30, 2011 and the three months ended June 30, 2012 and March 31, 2012. The summary selected historical consolidated financial information set forth below as of December 31, 2009 and for the period from June 16, 2009 (inception) to December 31, 2009 and as of and for the years ended December 31, 2010 and December 31, 2011 is derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated financial information set forth below as of and for the six months ended June 30, 2012 and June 30, 2011 and the three months ended June 30, 2012 and March 31, 2012 is derived from our unaudited consolidated financial statements included elsewhere in this prospectus.

Although we were incorporated on June 16, 2009, we did not have any substantive operations prior to the Hillcrest Bank acquisition on October 22, 2010. Our results of operations for the post-Hillcrest Bank acquisition periods are not comparable to our results of operations for the pre-Hillcrest Bank acquisition periods. Our results of operations for the post-Hillcrest Bank acquisition periods reflect, among other things, the acquisition method of accounting. In addition, we consummated the Bank Midwest acquisition on December 10, 2010, the Bank of Choice acquisition on July 22, 2011 and the Community Banks of Colorado acquisition on October 21, 2011. The Bank Midwest, Bank of Choice and Community Banks of Colorado acquisitions were significant acquisitions and were also accounted for using the acquisition method of accounting. See Management's Discussion and Analysis of Financial Condition and Results of Operations.

The summary unaudited selected historical consolidated financial information set forth below should be read together with Selected Historical Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, as well as the statements of assets acquired and liabilities assumed for each of our acquisitions, and the related notes thereto included elsewhere in this prospectus. Such information is not necessarily indicative of our results in any future periods, including the year ending December 31, 2012.

**Summary Selected Historical Consolidated Financial Data**

	June 30, 2012	March 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009 (1)
<b>Consolidated Balance Sheet Information (\$ in thousands):</b>					
Cash and cash equivalents	\$ 704,586	\$ 844,311	\$ 1,628,137	\$ 1,907,730	\$ 1,099,288
Investment securities available-for-sale	1,803,843	1,738,929	1,862,699	1,254,595	
Investment securities held-to-maturity	707,110	760,744	6,801		
Non-marketable equity securities	33,076	29,087	29,117	17,800	
Loans receivable (2):					
Covered under FDIC loss sharing agreements	767,683	861,636	952,715	703,573	
Not covered under FDIC loss sharing agreements	1,216,391	1,244,854	1,321,336	865,297	
Less: Allowance for loan losses	(17,294)	(12,408)	(11,527)	(48)	
Loans receivable, net	1,966,780	2,094,082	2,262,524	1,568,822	
FDIC indemnification asset	148,527	187,136	223,402	161,395	
Other real estate owned	137,712	144,619	120,636	54,078	
Premises and equipment, net	116,908	111,901	87,315	37,320	
Goodwill and other intangible assets	89,885	91,217	92,553	79,715	
Other assets	80,648	72,781	38,842	24,066	565
Total assets	5,789,075	6,074,807	6,352,026	5,105,521	1,099,853
Transaction account deposits	2,343,048	2,365,501	2,278,457	1,209,322	
Time deposits	2,186,501	2,406,648	2,784,596	2,264,017	
Other liabilities	162,785	211,269	200,244	638,423	2,357
Total liabilities	4,692,334	4,983,418	5,263,297	4,111,762	2,357

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Total stockholders' equity (5)	1,096,741	1,091,389	1,088,729	993,759	1,097,496
Total liabilities and stockholders' equity	\$ 5,789,075	\$ 6,074,807	\$ 6,352,026	\$ 5,105,521	\$ 1,099,853

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	For the Six Months Ended June 30, 2012	For the Six Months Ended June 30, 2011	For the Three Months Ended June 30, 2012	For the Three Months Ended March 31, 2012	For the Twelve Months Ended December 31, 2011	For the Twelve Months Ended December 31, 2010	For the Period June 16, 2009 through December 31, 2009 (1)
<b>Consolidated Income Statement Data:</b>							
Interest income	\$ 122,735	\$ 85,653	\$ 59,845	\$ 62,890	\$ 197,159	\$ 21,422	\$ 481
Interest expense	17,564	20,934	7,932	9,632	41,696	5,512	
Net interest income	105,171	64,719	51,913	53,258	155,463	15,910	481
Provision for loan losses	20,062	12,686	12,226	7,836	20,002	88	
Net interest income after provision for loan losses	85,109	52,033	39,687	45,422	135,461	15,822	481
Bargain purchase gain					60,520	37,778	
Non-interest income	20,319	20,093	10,049	10,270	28,966	4,385	
Non-interest expense	98,274	63,148	45,301	52,973	155,538	48,981	1,847
Income (loss) before income taxes	7,154	8,978	4,435	2,719	69,409	9,004	(1,366)
Provision for income taxes	2,809	3,220	1,733	1,076	27,446	2,953	168
Net income (loss)	\$ 4,345	\$ 5,758	\$ 2,702	\$ 1,643	\$ 41,963	\$ 6,051	\$ (1,534)
<b>Share Information (3):</b>							
Earnings (loss) per share, basic	\$ 0.08	\$ 0.11	\$ 0.05	\$ 0.03	\$ 0.81	\$ 0.11	\$ (0.07)
Earnings (loss) per share, diluted	\$ 0.08	\$ 0.11	\$ 0.05	\$ 0.03	\$ 0.81	\$ 0.11	\$ (0.07)
Book value per share	\$ 21.01	\$ 19.75	\$ 21.01	\$ 20.91	\$ 20.87	\$ 19.13	\$ 18.82
Tangible book value per share (4)	\$ 19.29	\$ 18.25	\$ 19.29	\$ 19.16	\$ 19.10	\$ 17.60	\$ 18.82
Weighted average common shares outstanding, basic (5)	52,184,501	51,936,280	52,191,239	52,176,863	51,978,744	53,000,454	21,251,006
Weighted average common shares outstanding, diluted (5)	52,311,348	52,228,053	52,319,170	52,303,771	52,104,021	53,000,454	21,251,006
Common shares outstanding (5)	52,191,239	51,936,280	52,191,239	52,191,239	52,157,697	51,936,280	58,318,304
<b>Other Financial Data:</b>							
Adjusted pre-tax pre-provision net revenue (7)	\$ 31,671	\$ 30,569	\$ 18,752	\$ 12,919	\$ 47,035	\$ 1,991	\$ (1,366)
Adjusted non-interest expense (7)	\$ 93,145	\$ 54,051	\$ 43,210	\$ 49,935	\$ 138,039	\$ 18,293	\$ 1,847

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	As of and for the Six Months Ending June 30, 2012	As of and for the Six Months Ended June 30, 2011	As of and for the Three Months Ending June 30, 2012	As of and for the Three Months Ending March 31, 2012	As of and for the Twelve Months Ending December 31, 2011	As of and for the Twelve Months Ending December 31, 2010	As of and for the period June 16, 2009 through December 31, 2009 (1)
<b>Other Information (unaudited):</b>							
<i>Financial ratios</i>							
Return on average assets (6)	0.14%	0.25%	0.18%	0.11%	0.81%	0.44%	-0.33%
Return on average tangible assets (4)(6)	0.20%	0.31%	0.25%	0.16%	0.88%	0.44%	NM
Adjusted return on average assets (6)(7)	0.24%	0.48%	0.27%	0.20%	0.32%	0.09%	-0.33%
Return on average equity (6)	0.80%	1.15%	0.99%	0.60%	4.01%	0.62%	-0.33%
Return on average tangible common equity (4)(6)	1.30%	1.51%	1.42%	0.99%	4.63%	0.62%	NM
Adjusted return on average equity (6)(7)	1.30%	2.24%	1.45%	1.13%	1.57%	0.13%	-0.33%
Return on risk weighted assets (6)	0.44%	0.84%	0.55%	0.32%	2.21%	0.46%	NM
Pre-tax pre-provision net revenue to risk weighted assets (6)(7)	2.75%	3.15%	3.37%	2.07%	4.70%	0.69%	0.70%
Adjusted pre-tax pre-provision net revenue to risk weighted assets (6)(7)	3.20%	4.45%	3.79%	2.54%	2.47%	0.15%	NM
Interest earning assets to interest-bearing liabilities (end of period) (8)	130.30%	119.48%	130.30%	128.62%	127.91%	129.91%	N/A
Loans to deposits ratio (end of period) (2)	43.80%	39.33%	43.80%	44.14%	44.91%	45.17%	N/A
Non-interest bearing deposits to total deposits (end of period)	14.00%	10.11%	14.00%	13.35%	13.41%	9.39%	N/A
Yield on earning assets (8)	4.62%	4.16%	4.61%	4.62%	4.31%	1.63%	0.23%
Cost of interest bearing liabilities (8)	0.84%	1.32%	0.78%	0.90%	1.15%	1.65%	N/A
Interest rate spread (9)	3.78%	2.84%	3.83%	3.72%	3.17%	-0.02%	NM
Net interest margin (10)	3.96%	3.14%	4.00%	3.91%	3.40%	1.21%	N/A
Non-interest expense to average assets (6)	3.27%	2.74%	3.09%	3.45%	3.01%	3.56%	NM
Adjusted non-interest expense to average assets (6)(7)	3.10%	2.34%	2.95%	3.25%	2.67%	1.33%	NM
Efficiency Ratio (11)	76.19%	72.15%	70.96%	81.28%	61.72%	84.34%	NM
<i>Asset quality ratios (2)(12)(13)</i>							
Non-performing loans to total loans	2.51%	2.33%	2.51%	1.76%	2.23%	0.95%	N/A
Covered non-performing loans to total non-performing loans	15.59%	49.61%	15.59%	19.85%	29.19%	97.12%	N/A
Non-performing assets to total assets	3.26%	2.25%	3.26%	3.06%	2.72%	1.35%	N/A
Covered non-performing assets to total non-performing assets	45.41%	84.50%	45.41%	49.41%	53.55%	99.38%	N/A
Allowance for loan losses to total loans	0.87%	0.36%	0.87%	0.59%	0.51%	0.00%	N/A
	1.42%	0.64%	1.42%	1.00%	0.87%	0.01%	N/A

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Allowance for loan losses to total non-covered loans							
Allowance for loan losses to non-performing loans	34.69%	15.61%	34.69%	33.42%	22.71%	0.32%	N/A
Net charge-offs to average loans (6)	1.36%	1.08%	1.45%	1.27%	0.51%	0.01%	N/A
<i>Capital ratios</i>							
Total Stockholders' equity to total assets	18.95%	22.32%	18.95%	17.97%	17.14%	19.46%	99.79%
Tangible common equity to tangible assets (4)	17.67%	20.98%	17.67%	16.72%	15.91%	18.19%	99.79%
Tier 1 leverage	17.02%	20.50%	17.02%	15.92%	15.10%	17.88%	N/A
Tier 1 risk-based capital	49.32%	66.70%	49.32%	46.60%	49.92%	69.57%	N/A
Total risk-based capital	50.21%	66.07%	50.21%	47.22%	50.53%	69.57%	N/A

(1) The Company was incorporated on June 16, 2009, but neither the Company nor the Bank had any substantive operations prior to the first acquisition on October 22, 2010. The period from June 16, 2009 to December 31, 2009 contained 200 days.

(2) Total loans are net of unearned discounts and deferred fees and costs.

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- (3) Per share information is calculated based on the aggregate number of our shares of Class A common stock outstanding, including 250,000 founders' shares that were issued in 2009 at par value and vested during 2011, and Class B non-voting common stock outstanding.
- (4) Tangible book value per share, return on tangible average assets, return on tangible common average equity, and tangible common equity to tangible assets are non-GAAP financial measures. Tangible book value per share is computed as total stockholders' equity less goodwill and other intangible assets, net, divided by common shares outstanding at the balance sheet date. For purposes of computing tangible common equity to tangible assets, tangible common equity is calculated as common stockholders' equity less goodwill and other intangible assets, net, and tangible assets is calculated as total assets less goodwill and other intangible assets, net. We believe that the most directly comparable GAAP financial measures are book value per share and total stockholders' equity to total assets. See the reconciliation under Management's Discussion and Analysis of Financial Condition and Results of Operations About Non-GAAP Financial Measures.
- (5) On March 11, 2010, we repurchased 6,382,024 shares of our Class A common stock in response to the FDIC's issued guidance in the FDIC Policy Statement. More information on the FDIC Policy Statement is described under Supervision and Regulation FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions.
- (6) Ratio is annualized for interim periods and for the period from June 16, 2009 to December 31, 2009. See note 1 above.
- (7) Adjusted calculations exclude stock-based compensation expense, loss (gain) on sale of securities, bargain purchase gains and related acquisition expenses. In addition, the adjusted pre-tax pre-provision net revenue calculation excludes income taxes and provision for loan losses. Adjusted return refers to adjusted net revenue after tax. Tax adjustments are calculated at a rate equal to the effective tax rate for each period. See the table below and Management's Discussion and Analysis of Financial Condition and Results of Operations - About Non-GAAP Financial Measures.

	For the Six Months Ended June 30, 2012	For the Six Months Ended June 30, 2011	For the Three Months Ended June 30, 2012	For the Three Months Ended March 31, 2012	For the Year Ended December 31, 2011	For the Year Ended December 31, 2010(1)	For the Year Ended December 31, 2009(1)
Net income (loss)	\$ 4,345	\$ 5,758	\$ 2,702	\$ 1,643	\$ 41,963	\$ 6,051	\$ (1,534)
Add: impact of income taxes	2,809	3,220	1,733	1,076	27,446	2,953	168
Add: impact of provision	20,062	12,686	12,226	7,836	20,002	88	
Pre-tax pre-provision net revenue	27,216	21,664	16,661	10,555	89,411	9,092	(1,366)
Less: bargain purchase gain					(60,520)	(37,778)	
Add: impact of stock-based compensation	4,259	8,623	2,076	2,183	12,564	16,612	
Add: impact of acquisition costs	870	474	15	855	4,935	14,076	
Less: Gain (loss) on sale of investment securities	(674)	(192)		(674)	645	(11)	
Adjusted pre-tax pre-provision net revenue	\$ 31,671	\$ 30,569	\$ 18,752	\$ 12,919	\$ 47,035	\$ 1,991	\$ (1,366)
Net income (loss)	\$ 4,345	\$ 5,758	\$ 2,702	\$ 1,643	\$ 41,963	\$ 6,051	\$ (1,534)
Less: bargain purchase gain, after tax					(36,589)	(25,388)	
Add: impact of stock-based compensation, after tax	2,587	5,213	1,261	1,326	7,596	11,164	
Add: impact of acquisition costs, after tax	528	287	9	519	2,984	9,460	
Less: Gain (loss) on sale of investment securities, after tax	(409)	(116)		(409)	400	(7)	
Adjusted net revenue after tax	\$ 7,051	\$ 11,142	\$ 3,972	\$ 3,079	\$ 16,354	\$ 1,280	\$ (1,534)
Non-interest expense	\$ 98,274	\$ 63,148	\$ 45,301	\$ 52,973	\$ 155,538	\$ 48,981	\$ 1,847
Less: impact of stock-based compensation	(4,259)	(8,623)	(2,076)	(2,183)	(12,564)	(16,612)	
Less: impact of acquisition costs	(870)	(474)	(15)	(855)	(4,935)	(14,076)	
Adjusted non-interest expense	\$ 93,145	\$ 54,051	\$ 43,210	\$ 49,935	\$ 138,039	\$ 18,293	\$ 1,847

- (8) Interest-earning assets include assets that earn interest/accretion or dividends, except for the FDIC indemnification asset that earns accretion but is not part of interest earning assets. Interest-earning assets as of December 31, 2010 exclude investment securities that were purchased (and therefore included in investment securities balances) but not settled as of the balance sheet date. Additionally, any market value adjustments on investment securities are excluded from interest-earning assets. Interest-bearing liabilities include liabilities that must be paid interest.
- (9)

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Interest rate spread represents the difference between the weighted average yield of interest-earning assets and the weighted average cost of interest-bearing liabilities.

- (10) Net interest margin represents net interest income, including accretion income, as a percentage of average interest-earning assets.
- (11) The efficiency ratio represents non-interest expense less intangible asset amortization, as a percentage of net interest income plus non-interest income.
- (12) Non-performing loans consist of non-accruing loans, loans 90 days or more past due and still accruing interest and restructured loans, but exclude loans accounted for under ASC Topic 310-30 in which the pool is still performing. These ratios may therefore not be comparable to similar ratios of our peers. For additional information on our treatment of loans acquired with deteriorated credit quality, see Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition.
- (13) Non-performing assets include non-performing loans and OREO.

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**RISK FACTORS**

*Investing in our Class A common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as all of the other information contained in this prospectus, including our consolidated financial statements, as well as the statements of assets acquired and liabilities assumed for each of our acquisitions, and the related notes thereto, before making an investment decision to purchase our Class A common stock. The occurrence or realization of any of the following risks could materially and adversely affect our business, prospects, financial condition, liquidity, results of operations, cash flows and capital levels. In any such case, the market price of our Class A common stock could decline substantially, and you could lose all or part of your investment.*

**Risks Relating to Our Banking Operations**

*We have recently completed four acquisitions and have a limited operating history from which investors can evaluate our future prospects and financial and operating performance.*

We were organized in June 2009 and acquired selected assets and assumed selected liabilities of Hillcrest Bank, Bank Midwest, Bank of Choice and Community Banks of Colorado in October 2010, December 2010, July 2011 and October 2011, respectively. Because our banking operations began in 2010, we have a limited operating history upon which investors can evaluate our operational performance or compare our recent performance to historical performance. Although we acquired selected assets and assumed selected liabilities of four depository institutions which had operated for longer periods of time than we have, their business models and experiences are not reflective of our plans. Accordingly, our limited time operating our acquired franchises may make it difficult for investors to evaluate our future prospects and financial and operating performance. Moreover, because 38.7% of our loans and 56.3% of our OREO (each by dollar amount), in each case as of June 30, 2012, were covered by loss sharing agreements with the FDIC and all of the loans and OREO we acquired were marked to fair value at the time of our acquisition, we believe that the historical financial results of the acquisitions are less instructive to an evaluation of our future prospects and financial and operating performance. Certain other factors may also make it difficult for investors to evaluate our future prospects and financial and operating performance, including, among others:

our current asset mix, loan quality and allowance for loan losses are not representative of our anticipated future asset mix, loan quality and allowance for loan losses, which may change materially as we undertake organic loan origination and banking activities and pursue future acquisitions;

38.7% of our loans and 56.3% of our OREO (each by dollar amount), in each case as of June 30, 2012, were covered by loss sharing agreements with the FDIC, which reimburse a variable percentage of losses experienced on these assets; thus, we may face higher losses once the FDIC loss sharing arrangement expires and losses may exceed the discounts we received;

the income we report from certain acquired assets due to loan discount, accretable yield and the accretion of the FDIC indemnification asset will be higher than the returns available in the current market and, if we are unable to make new performing loans and acquire other performing assets in sufficient volume, we may be unable to generate the earnings necessary to implement our growth strategy;

our significant cash reserves and liquid investment securities portfolio, which result in large part from the proceeds of our 2009 private offering of common stock and cash received in connection with our acquisitions of Hillcrest Bank, Bank Midwest, Bank of Choice and Community Banks of Colorado, are unlikely to be representative of our future cash position;

our historical cost structure and capital expenditure requirements are not reflective of our anticipated cost structure and capital spending as we integrate our acquisitions and operate our organic banking platform; and

our regulatory capital ratios, minimums of which are required by agreements we have reached with our regulators and which result in part from the proceeds of our private offering of common stock, are not necessarily representative of our future regulatory capital



ratios.

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***Our acquisition history may not be indicative of our ability to execute our external growth strategy, and our inability to execute such strategy would materially and adversely affect us.***

Our acquisition history should be viewed in the context of the recent opportunities available to us as a result of the confluence of our access to capital at a time when market dislocations of historical proportions resulted in attractive asset acquisition opportunities. As conditions change, we may prove to be unable to execute our external growth strategy, which would materially and adversely affect us. See Risks Relating to our Growth Strategy.

***Continued or worsening general business and economic conditions could materially and adversely affect us.***

Our business and operations are sensitive to general business and economic conditions in the United States, which remain guarded. If the U.S. economy is unable to steadily emerge from the recent recession that began in 2007 or we experience worsening economic conditions, such as a so-called double-dip recession, we could be materially and adversely affected. Weak economic conditions may be characterized by deflation, fluctuations in debt and equity capital markets, including a lack of liquidity and/or depressed prices in the secondary market for mortgage loans, increased delinquencies on loans, residential and commercial real estate price declines and lower home sales and commercial activity. All of these factors would be detrimental to our business. Our business is significantly affected by monetary and related policies of the U.S. federal government, its agencies and government-sponsored entities. Changes in any of these policies are influenced by macroeconomic conditions and other factors that are beyond our control and could have a material adverse effect on us.

***The geographic concentration of our two core markets in the greater Kansas City region and Colorado makes our business highly susceptible to downturns in the local economies and depressed banking markets, which could materially and adversely affect us.***

Unlike larger financial institutions that are more geographically diversified, we are a regional banking franchise concentrated in the greater Kansas City region and Colorado. We operate banking centers located primarily in Missouri, Kansas and Colorado. As of June 30, 2012, 38.8% of our total loans (by dollar amount) were in Colorado, 21.0% were in Missouri, 8.7% were in Texas, and 5.6% were in Kansas. A deterioration in local economic conditions in the loan market or in the residential or commercial real estate market could have a material adverse effect on the quality of our portfolio, the demand for our products and services, the ability of borrowers to timely repay loans and the value of the collateral securing loans. In addition, if the population, employment or income growth in one of our core markets is negative or slower than projected, income levels, deposits and real estate development could be adversely impacted and we could be materially and adversely affected. If any of these developments were to result in losses that materially and adversely affected NBH Bank's capital, we and NBH Bank might be subject to regulatory restrictions on operations and growth and to a requirement to raise additional capital. See Supervision and Regulation.

***Our two core markets are susceptible to adverse weather and natural disasters and these events could negatively impact the economies of our markets, our operations or our customers, any of which could have a material adverse effect on us.***

Our two core markets are the greater Kansas City region and Colorado. These markets are susceptible to severe weather, including tornadoes, droughts, wildfires, flooding, hail storms and damaging winds. The occurrence of adverse weather and natural or manmade disasters could destroy, or cause a decline in the value of, mortgaged properties, crops or other assets that serve as our collateral and increase the risk of delinquencies, defaults, foreclosures and losses on our loans, damage our banking facilities and offices, negatively impact regional economic conditions, result in a decline in local loan demand and loan originations and negatively impact the implementation of our growth strategy. Natural or manmade disasters or severe weather events and the damage that may be caused by them, be it to our operations, our collateral, our customers or the economies in our current or future markets, could materially and adversely affect us.

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*Any changes in how we determine the impact of loss share accounting on our financial information could have a material adverse effect on us.*

A material portion of our financial results is based on loss share accounting, which is subject to assumptions and judgments made by us and our regulators. Loss share accounting is a complex accounting methodology. If these assumptions are incorrect or we change or modify our assumptions, it could have a material adverse effect on us or our previously reported results. As such, any financial information generated through the use of loss share accounting is subject to modification or change. See Management's Discussion and Analysis of Financial Condition and Results of Operations Application of Critical Accounting Policies Accounting for Acquired Loans and the Related FDIC Indemnification Asset for additional information on loss share accounting.

*Our financial information reflects the application of the acquisition method of accounting. Any change in the assumptions used in such methodology could have a material adverse effect on us.*

As a result of our recent acquisitions, our financial information is heavily influenced by the application of the acquisition method of accounting. The acquisition method of accounting requires management to make assumptions regarding the assets acquired and liabilities assumed to determine their fair values at the time of acquisition. Additionally, we periodically remeasure the expected cash flows on certain loans that were acquired with deteriorated credit quality, and this remeasurement can cause fluctuations in the accretion rates of these loans. Our interest income, interest expense and net interest margin (which were equal to \$122.7 million, \$17.6 million and 3.96%, respectively, for the six months ended June 30, 2012) reflect the impact of accretion and amortization of the fair value adjustments made to the carrying amounts of interest-earning assets and interest-bearing liabilities, and our non-interest income (which totaled \$20.3 million for the six months ended June 30, 2012) for periods subsequent to the acquisitions includes the effects of discount accretion and accretion of the FDIC indemnification asset. In addition, the balances of many of our acquired assets were significantly reduced by the adjustments to fair value recorded in conjunction with the relevant acquisition. If our assumptions are incorrect and we change or modify our assumptions, it could have a material adverse effect on us or our previously reported results. See Management's Discussion and Analysis of Financial Condition and Results of Operations Application of Critical Accounting Policies Accounting for Acquired Loans and the Related FDIC Indemnification Asset for additional information on the impact of the acquisition method of accounting on our financial information.

*Our business is highly susceptible to credit risk.*

As a lender, we are exposed to the risk that our customers will be unable to repay their loans according to their terms and that the collateral securing the payment of their loans (if any) may not be sufficient to assure repayment. The risks inherent in making any loan include risks with respect to the ability of borrowers to repay their loans and, if applicable, the period of time over which the loan is repaid, risks relating to proper loan underwriting and guidelines, risks resulting from changes in economic and industry conditions, risks inherent in dealing with individual borrowers and risks resulting from uncertainties as to the future value of collateral. Similarly, we have credit risk embedded in our securities portfolio. Our credit standards, procedures and policies may not prevent us from incurring substantial credit losses, particularly in light of market developments in recent years.

We have restructured and in the future may restructure originated or acquired loans if we believe the borrowers are likely to fully repay their restructured obligations. We may also be subject to legal or regulatory requirements for restructured loans. For our originated loans, if interest rates or other terms are modified subsequent to extension of credit or if terms of an existing loan are renewed because a borrower is experiencing financial difficulty and a concession is granted, we may be required to classify such action as a troubled debt restructuring (which we refer to in this prospectus as TDR). With respect to restructured loans, we may grant concessions to borrowers experiencing financial difficulties in order to facilitate repayment of the loan by

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(1) reduction of the stated interest rate for the remaining life of the loan to lower than the current market rate for new loans with similar risk or (2) extension of the maturity date. In situations where a TDR is unsuccessful and the borrower is unable to satisfy the terms of the restructured loan, the loan would be placed on nonaccrual status and written down to the underlying collateral value less estimated selling costs. For further discussion of circumstances in which we restructure acquired and originated loans, see Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition Asset Quality.

***Our loan portfolio has been, and will continue to be, affected by the ongoing correction in residential and commercial real estate values and reduced levels of residential and commercial real estate sales.***

Soft residential and commercial real estate markets, higher delinquency and default rates, heightened vacancy rates and volatile and constrained secondary credit markets have affected the real estate industry generally and in the areas in which our business is currently most heavily concentrated. We may be materially and adversely affected by declines in real estate values.

We make credit and reserve decisions based on the current conditions of borrowers or projects combined with our expectations for the future. As of June 30, 2012, approximately 77.3% of our total loans (by dollar amount) had real estate as a primary or secondary component of collateral. The real estate collateral provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the loan is outstanding. A continued weakening of the real estate conditions in any of our markets could continue to result in an increase in the number of borrowers who default on their loans and a reduction in the value of any collateral securing their loans, which in turn could have a material adverse effect on us. If we are required to liquidate the collateral securing a loan to satisfy a borrower's obligations during a period of reduced real estate values, we could be materially and adversely affected. The declines in home prices in the markets we serve, along with the reduced availability of mortgage credit, also may result in increases in delinquencies and losses in our portfolio of loans related to residential real estate construction and development as the ability to refinance those loans decreases. Further declines in home prices coupled with a deepened economic recession and continued rises in unemployment levels could drive losses beyond that which is provided for in our allowance for loan losses. In that event, we could also be materially and adversely affected.

Additionally, recent weakness in the secondary market for residential lending could have a material adverse impact on us. Significant ongoing disruptions in the secondary market for residential mortgage loans have limited the market for and liquidity of most mortgage loans other than conforming Fannie Mae and Freddie Mac loans. The effects of ongoing mortgage market challenges, combined with the ongoing correction in residential real estate market prices and reduced levels of home sales, could adversely affect the value of collateral securing mortgage loans, mortgage loan originations and gains on sale of mortgage loans. Continued declines in real estate values and home sales volumes, and financial stress on borrowers as a result of job losses or other factors, could have further adverse effects on borrowers that result in higher delinquencies and greater charge-offs in future periods, which could materially and adversely affect us.

***Our commercial real estate loans other than owner occupied commercial real estate loans may be dependent on factors outside the control of our borrowers.***

Our loan portfolio includes commercial real estate loans other than owner occupied commercial real estate loans for individuals and businesses for various purposes, which are secured by commercial properties, as well as real estate construction and development loans. As of June 30, 2012, these loans totaled \$755.5 million, or 38.1% of our total loan portfolio. Of these loans \$12.0 million were non-performing as of June 30, 2012, none of which was covered by FDIC loss sharing agreements. These loans typically involve repayment dependent upon income generated, or expected to be generated, by the property securing the loan in amounts sufficient to cover operating expenses and debt service. This may be adversely affected by changes in the economy or local market conditions. These loans expose a lender to greater credit risk than loans secured by residential real estate because the collateral securing these loans typically cannot be liquidated as easily as residential real estate. If we foreclose on these loans,

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our holding period for the collateral typically is longer than for a 1-4 family residential property because there are fewer potential purchasers of the collateral. Additionally, these loans generally have relatively large balances to single borrowers or related groups of borrowers. Accordingly, charge-offs on these loans may be larger on a per loan basis than those incurred with our residential or consumer loan portfolios.

*We depend on our executive officers and key personnel to implement our strategy and could be harmed by the loss of their services.*

We believe that the implementation of our strategy will depend in large part on the skills of our executive management team and our ability to motivate and retain these and other key personnel. Accordingly, the loss of service of one or more of our executive officers or key personnel could reduce our ability to successfully implement our growth strategy and materially and adversely affect us. Leadership changes will occur from time to time, and if significant resignations occur, we may not be able to recruit additional qualified personnel. We believe our executive management team possesses valuable knowledge about the banking industry and that their knowledge and relationships would be very difficult to replicate. Although our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, President Midwest Division and Chief of Integration, Technology and Operations have entered into employment arrangements with us, it is possible that they may not complete the term of their employment arrangements or may choose not to renew them upon expiration. Furthermore, we do not currently have employment agreements with any of our other employees. Our success also depends on the experience of our branch managers and lending officers and on their relationships with the customers and communities they serve. The loss of these key personnel could negatively impact our banking operations. The loss of key senior personnel, or the inability to recruit and retain qualified personnel in the future, could have a material adverse effect on us.

*Our allowance for loan losses and fair value adjustments may prove to be insufficient to absorb probable losses inherent in our loan portfolio.*

Lending money is a substantial part of our business, and each loan carries a certain risk that it will not be repaid in accordance with its terms or that any underlying collateral will not be sufficient to assure repayment. This risk is affected by, among other things:

the financial condition and cash flows of the borrower and/or the project being financed;

the changes and uncertainties as to the future value of the collateral, in the case of a collateralized loan;

the discount on the loan at the time of its acquisition;

the duration of the loan;

the credit history of a particular borrower; and

changes in economic and industry conditions.

We maintain an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expense, which we believe is appropriate to provide for probable losses inherent in our loan portfolio. The amount of this allowance is determined by our management through periodic reviews.

The application of the acquisition method of accounting to our completed acquisitions has impacted our allowance for loan losses. Under the acquisition method of accounting, all acquired loans were recorded in our consolidated financial statements at their fair value at the time of acquisition and the related allowance for loan loss was eliminated because credit quality, among other factors, was considered in the determination of fair value. To the extent that our estimates of fair value are too high, we will incur losses (some of which may be covered by our loss sharing arrangements with the FDIC) associated with the acquired loans.

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The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding our loans,

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identification of additional problem loans by us and other factors, both within and outside of our control, may require an increase in the allowance for loan losses. If current trends in the real estate markets continue, we expect that we will continue to experience increased delinquencies and credit losses, particularly with respect to construction, land development and land loans. In addition, our regulators periodically review our allowance for loan losses and may require an increase in the allowance for loan losses or the recognition of further loan charge-offs, based on judgments different than those of management. In addition, if charge-offs in future periods exceed the allowance for loan losses, we will need additional provisions to increase the allowance for loan losses. Any increases in the allowance for loan losses will result in a decrease in net income and capital and may have a material adverse effect on us.

***Our loss sharing agreements impose restrictions on the operation of our business and extensive record-keeping requirements, and failure to comply with the terms of our loss sharing agreements with the FDIC may result in significant losses.***

In October 2010, we acquired selected assets and assumed selected liabilities of Hillcrest Bank in an FDIC-assisted transaction. Subsequently, on October 21, 2011, we completed the FDIC-assisted acquisition of selected assets and assumption of selected liabilities of Community Banks of Colorado. A significant portion of our revenue is derived from assets acquired in those transactions. Certain of the loans, commitments and foreclosed assets acquired in those transactions are covered by the loss sharing agreements, which provide that a significant portion of the losses related to those covered assets will be borne by the FDIC. We may, however, experience difficulties in complying with the requirements of the loss sharing agreements, including the extensive record-keeping and documentation relating to the status and reimbursement of covered assets. The required terms of the agreements are extensive and failure to comply with any of the terms could result in a specific asset or group of assets losing their loss sharing coverage. Additionally, complying with the extensive requirements to avail ourselves of the loss sharing coverage could take management time and attention away from other aspects of running our business.

Our loss sharing agreements also impose limitations on the manner in which we manage loans covered by loss sharing. For example, under the loss sharing agreements, we may not, without FDIC consent, sell a covered loan even if in the ordinary course of our business we determine that taking such action would be advantageous for the Company. These restrictions could impair our ability to manage problem loans, extend the amount of time that such loans remain on our balance sheet and increase the amount of our losses.

***We hold and acquire a significant amount of OREO from time to time, which may lead to increased operating expenses and vulnerability to additional declines in real property values.***

When necessary, we foreclose on and take title to the real estate (some of which is covered by our FDIC loss sharing arrangement) serving as collateral for our loans as part of our business. Real estate that we own but do not use in the ordinary course of our operations is referred to as other real estate owned, or OREO property. At June 30, 2012, we had OREO with an aggregate book value of \$137.7 million. Increased OREO balances have led to greater expenses as we incur costs to manage and dispose of the properties. Despite some of the OREO being covered by loss sharing agreements with the FDIC, we expect that our earnings will continue to be negatively affected by various expenses associated with OREO, including personnel costs, insurance and taxes, completion and repair costs, valuation adjustments and other expenses associated with property ownership, as well as by the funding costs associated with OREO assets. We evaluate OREO properties periodically and write down the carrying value of the properties if the results of our evaluation require it. The expenses associated with OREO and any further OREO write-downs could have a material adverse effect on us.

***We are subject to environmental liability risk associated with lending activities.***

A significant portion of our loan portfolio is secured by real property, and we could become subject to environmental liabilities with respect to one or more of these properties. During the ordinary course of business,

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we may foreclose on and take title to properties securing defaulted loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous conditions or toxic substances are found on these properties, we may be liable for remediation costs, as well as for personal injury and property damage, civil fines and criminal penalties regardless of when the hazardous conditions or toxic substances first affected any particular property. Environmental laws may require us to incur substantial expenses to address unknown liabilities and may materially reduce the affected property's value or limit our ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability. Although we have policies and procedures to perform an environmental review before initiating any foreclosure action on nonresidential real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on us.

***The expanding body of federal, state and local regulation and/or the licensing of loan servicing, collections or other aspects of our business may increase the cost of compliance and the risks of noncompliance.***

We service our own loans, and loan servicing is subject to extensive regulation by federal, state and local governmental authorities as well as to various laws and judicial and administrative decisions imposing requirements and restrictions on those activities. The volume of new or modified laws and regulations has increased in recent years and, in addition, some individual municipalities have begun to enact laws that restrict loan servicing activities including delaying or temporarily preventing foreclosures or forcing the modification of certain mortgages. If regulators impose new or more restrictive requirements, we may incur additional significant costs to comply with such requirements which may further adversely affect us. In addition, our failure to comply with these laws and regulations could possibly lead to: civil and criminal liability; loss of licensure; damage to our reputation in the industry; fines and penalties and litigation, including class action lawsuits; and administrative enforcement actions. Any of these outcomes could materially and adversely affect us.

***The fair value of our investment securities can fluctuate due to market conditions outside of our control.***

As of June 30, 2012, the fair value of our investment securities portfolio was approximately \$2.5 billion. We have historically taken a conservative investment strategy, with concentrations of securities that are primarily backed by government sponsored enterprises. In the future, we may seek to increase yields through more aggressive strategies, which may include a greater percentage of corporate securities and structured credit products. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include, but are not limited to, rating agency actions in respect of the securities, defaults by the issuer or with respect to the underlying securities, and changes in market interest rates and continued instability in the capital markets. Any of these factors, among others, could cause other-than-temporary impairments and realized and/or unrealized losses in future periods and declines in other comprehensive income, which could have a material adverse effect on us. The process for determining whether impairment of a security is other-than-temporary usually requires complex, subjective judgments about the future financial performance and liquidity of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security.

***We face significant competition from other financial institutions and financial services providers, which may materially and adversely affect us.***

Consumer and commercial banking is highly competitive. Our markets contain a large number of community and regional banks as well as a significant presence of the country's largest commercial banks. We compete with other state and national financial institutions, including savings and loan associations, savings banks and credit unions, for deposits and loans. In addition, we compete with financial intermediaries, such as consumer finance companies, mortgage banking companies, insurance companies, securities firms, mutual funds and several government agencies, as well as major retailers, in providing various types of loans and other financial services. Some of these competitors have a long history of successful operations in our markets, greater



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ties to local businesses and more expansive banking relationships, as well as better established depositor bases. Some of our competitors also have greater resources and access to capital and possess an advantage by being capable of maintaining numerous banking locations in more convenient sites, operating more ATMs and conducting extensive promotional and advertising campaigns or operating a more developed internet platform. Competitors may also exhibit a greater tolerance for risk and behave more aggressively with respect to pricing in order to increase their market share.

The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. Increased competition among financial services companies due to the recent consolidation of certain competing financial institutions may adversely affect our ability to market our products and services. Technological advances have lowered barriers to entry and made it possible for banks to compete in our market without a retail footprint by offering competitive rates, as well as non-banks to offer products and services traditionally provided by banks. Our ability to compete successfully depends on a number of factors, including, among others:

the ability to develop, maintain and build upon long-term customer relationships based on quality service, effective and efficient products and services, high ethical standards and safe and sound assets;

the scope, relevance and pricing of products and services offered to meet customer needs and demands;

the rate at which we introduce new products and services relative to our competitors;

the ability to attract and retain highly qualified employees to operate our business;

the ability to expand our market position;

customer satisfaction with our level of service;

the ability to operate our business effectively and efficiently; and

industry and general economic trends.

Failure to perform in any of these areas could significantly weaken our competitive position, which could materially and adversely affect us.

***We may not be able to meet the cash flow requirements of deposit withdrawals and other business needs unless we maintain sufficient liquidity.***

We require liquidity to make loans and to repay deposit and other liabilities as they become due or are demanded by customers. As a result of a decline in depositor confidence, an increase in interest rates paid by competitors, general interest rate levels, FDIC insurance costs, higher returns being available to customers on alternative investments and general economic conditions, a substantial number of our customers could withdraw their bank deposits with us from time to time, resulting in our deposit levels decreasing substantially, and our cash on hand may not be able to cover such withdrawals and our other business needs, including amounts necessary to operate and grow our business. This would require us to seek third party funding or other sources of liquidity, such as asset sales. Our access to third party funding sources, including our ability to raise funds through the issuance of additional shares of our common stock or other equity or equity-related securities, incurrence of debt, and federal funds purchased, may be impacted by our financial strength, performance and prospects and may also be impaired by factors that are not specific to us, such as a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry in light of recent turmoil faced by banking organizations and the unstable credit markets. We may not have access to third party funding in sufficient amounts on favorable terms, or the ability to undertake asset sales or access other sources of liquidity, when needed, or at all, which

could materially and adversely affect us.

***We may not be able to retain or develop a strong core deposit base or other low-cost funding sources.***

We expect to depend on checking, savings and money market deposit account balances and other forms of customer deposits as our primary source of funding for our lending activities. Our future growth will largely

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depend on our ability to retain and grow a strong, low-cost deposit base. Because 48.3% of our deposit base as of June 30, 2012 was time deposits, the large majority of which we acquired, it may prove harder to maintain and grow our deposit base than would otherwise be the case, especially since many of them currently pay interest at above-market rates. During the six months following June 30, 2012, \$1.1 billion of our time deposits are scheduled to mature. Additionally, as of June 30, 2012, \$359 million of those \$1.1 billion of time deposits and an additional \$211 million of time deposits maturing after December 31, 2012 were time deposits we assumed from the FDIC and are therefore not subject to early withdrawal penalties, making these deposits more volatile than typical time deposits.

We are working to transition certain of our customers to lower cost traditional banking services as higher cost funding sources, such as high interest time deposits, mature. From December 31, 2011 to June 30, 2012, our time deposits decreased by \$598.1 million while our transaction deposits increased by \$64.6 million. Many banks in the United States are struggling to maintain depositors in light of the recent financial crisis, and there may be competitive pressures to pay higher interest rates on deposits, which could increase funding costs and compress net interest margins. Customers may not transition to lower yielding savings and investment products or continue their business with us, which could materially and adversely affect us. In addition, with recent concerns about bank failures, customers have become concerned about the extent to which their deposits are insured by the FDIC, particularly customers that may maintain deposits in excess of insured limits. Customers may withdraw deposits in an effort to ensure that the amount that they have on deposit with us is fully insured and may place them in other institutions or make investments that are perceived as being more secure. Further, even if we are able to grow and maintain our deposit base, the account and deposit balances can decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return tradeoff. If customers move money out of bank deposits, we could lose a relatively low cost source of funds, increasing our funding costs, reducing our net interest income cash flow and net income and result in lower loan originations, any of which could materially and adversely affect us.

### ***Recent market disruptions caused increased liquidity risks which could recur in the future.***

The recent disruption and illiquidity in the credit markets created challenges for banking institutions that made potential funding sources more difficult to access, less reliable and more expensive. In addition, liquidity in the inter-bank market, as well as the markets for commercial paper and other short-term instruments, contracted significantly. Current market conditions continue to present challenges in the management of banks and banks' customers' liquidity, which may exceed those challenges experienced in the recent past and could materially and adversely affect us.

### ***Extended foreclosure processes and new homeowner protection laws and regulations might restrict or delay our ability to foreclose and collect payments for loans under the loss sharing agreements.***

For the loans covered by the loss sharing agreements, we cannot collect loss share payments until we liquidate the properties securing those loans. These loss share payments could be delayed by an extended foreclosure process, including delays resulting from a court backlog, local or national foreclosure moratoriums or other delays, and these delays could have a material adverse effect on us. New homeowner protection laws and regulations may also delay the initiation or completion of foreclosure proceedings on specified types of residential mortgage loans. Any such limitations are likely to cause delayed or reduced collections from borrowers. Any restriction on our ability to foreclose on a loan, any requirement that we forgo a portion of the amount otherwise due on a loan or any requirement that we advance principal, interest, tax and insurance payments or that we modify any original loan terms could materially and adversely affect us.

### ***Like other financial services institutions, our asset and liability structures are monetary in nature. Such structures are affected by a variety of factors, including changes in interest rates, which can impact the value of financial instruments held by us.***

Like other financial services institutions, we have asset and liability structures that are essentially monetary in nature and are directly affected by many factors, including domestic and international economic and political

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conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, inflation, currency values, market conditions, the availability and terms (including cost) of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties and the level and volatility of trading markets. Such factors can impact customers and counterparties of a financial services institution and may impact the value of financial instruments held by a financial services institution.

Our earnings and cash flows largely depend upon the level of our net interest income, which is the difference between the interest income we earn on loans, investments and other interest earning assets, and the interest we pay on interest bearing liabilities, such as deposits and borrowings. Because different types of assets and liabilities may react differently and at different times to market interest rate changes, changes in interest rates can increase or decrease our net interest income. When interest-bearing liabilities mature or reprice more quickly than interest earning assets in a period, an increase in interest rates would reduce net interest income. Similarly, when interest earning assets mature or reprice more quickly, and because the magnitude of repricing of interest earning assets is often greater than interest bearing liabilities, falling interest rates would reduce net interest income.

Accordingly, changes in the level of market interest rates affect our net yield on interest earning assets and liabilities, loan and investment securities portfolios and our overall results. Changes in interest rates may also have a significant impact on any future loan origination revenues. Historically, there has been an inverse correlation between the demand for loans and interest rates. Loan origination volume and revenues usually decline during periods of rising or high interest rates and increase during periods of declining or low interest rates. Changes in interest rates also have a significant impact on the carrying value of a significant percentage of the assets, both loans and investment securities, on our balance sheet. We may incur debt in the future and that debt may also be sensitive to interest rates and any increase in interest rates could materially and adversely affect us. Interest rates are highly sensitive to many factors beyond our control, including general economic conditions and policies of various governmental and regulatory agencies, particularly the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Adverse changes in the Federal Reserve's interest rate policies or other changes in monetary policies and economic conditions could materially and adversely affect us.

***We are dependent on our information technology and telecommunications systems and third-party servicers, and systems failures, interruptions or breaches of security could have a material adverse effect on us.***

Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems and third-party servicers. We outsource many of our major systems, such as data processing, loan servicing and deposit processing systems. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If significant, sustained or repeated, a system failure or service denial could compromise our ability to operate effectively, damage our reputation, result in a loss of customer business, and/or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on us.

In addition, we provide our customers with the ability to bank remotely, including online over the internet and over the telephone. The secure transmission of confidential information over the internet and other remote channels is a critical element of remote banking. Our network could be vulnerable to unauthorized access, computer viruses, phishing schemes and other security breaches. We may be required to spend significant capital and other resources to protect against the threat of security breaches and computer viruses, or to alleviate problems caused by security breaches or viruses. To the extent that our activities or the activities of our customers involve the storage and transmission of confidential information, security breaches and viruses could expose us to claims, regulatory scrutiny, litigation and other possible liabilities. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and could materially and adversely affect us.

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*As a public company, we will be required to meet periodic reporting requirements under the rules and regulations of the U.S. Securities and Exchange Commission. Complying with federal securities laws as a public company is expensive, and we will incur significant time and expense enhancing, documenting, testing, and certifying our internal control over financial reporting. Any deficiencies in our financial reporting or internal controls could materially and adversely affect us, including resulting in material misstatements in our financial statements, and could materially and adversely affect the market price of our Class A common stock.*

Prior to becoming a public company, we have not been required to comply with the requirements of the U.S. Securities and Exchange Commission (the "SEC") to have our consolidated financial statements completed, reviewed or audited and filed within a specified time. As a publicly traded company following completion of this offering, we will be required to file periodic reports containing our consolidated financial statements with the SEC within a specified time following the completion of quarterly and annual periods. We will also be required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 concerning internal control over financial reporting. We may experience difficulty in meeting the SEC's reporting requirements. Any failure by us to file our periodic reports with the SEC in a timely manner could harm our reputation and cause investors and potential investors to lose confidence in us and reduce the market price of our Class A common stock.

As a public company, we will incur significant legal, accounting, insurance and other expenses. Compliance with these and other rules of the SEC and the rules of the New York Stock Exchange will increase our legal and financial compliance costs and make some activities more time consuming and costly. Beginning with our Annual Report on Form 10-K for our 2013 fiscal year, SEC rules will require that our Chief Executive Officer and Chief Financial Officer periodically certify the existence and effectiveness of our internal control over financial reporting. Beginning with the fiscal year ending December 31, 2018, or such earlier time as we are no longer an emerging growth company as defined in the Jumpstart Our Business Startups Act (which we refer to as the "JOBS Act"), our independent registered public accounting firm will be required to attest to our assessment of our internal control over financial reporting. This process will require significant documentation of policies, procedures and systems, review of that documentation by our internal auditing and accounting staff and our outside independent registered public accounting firm, and testing of our internal control over financial reporting by our internal auditing and accounting staff and our outside independent registered public accounting firm. This process will involve considerable time and attention, may strain our internal resources, and will increase our operating costs. We may experience higher than anticipated operating expenses and outside auditor fees during the implementation of these changes and thereafter.

During the course of our testing, we may identify deficiencies that would have to be remediated to satisfy the SEC rules for certification of our internal control over financial reporting. A material weakness is defined by the standards issued by the Public Company Accounting Oversight Board as a deficiency, or combination of deficiencies, in internal control over financial reporting that results in a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a consequence, we would have to disclose in periodic reports we file with the SEC any material weakness in our internal control over financial reporting. The existence of a material weakness would preclude management from concluding that our internal control over financial reporting is effective and would preclude our independent auditors from attesting to our assessment of the effectiveness of our internal control over financial reporting is effective. In addition, disclosures of this type in our SEC reports could cause investors to lose confidence in our financial reporting and may negatively affect the market price of our Class A common stock. Moreover, effective internal controls are necessary to produce reliable financial reports and to prevent fraud. If we have deficiencies in our disclosure controls and procedures or internal control over financial reporting, it may materially and adversely affect us.

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***A material weakness in our internal control over financial reporting was identified for the year ended December 31, 2011. Material weaknesses in our financial reporting or internal controls could materially and adversely affect us, including resulting in material misstatements in our financial statements, and could materially and adversely affect the market price of our Class A common stock.***

In connection with executing management's process for identifying, documenting and testing existing internal controls used to validate inputs to our financial reporting process (i.e., management's assessment of internal control over financial reporting), we identified a material weakness in such internal control during the audit of our consolidated financial statements for the year ended December 31, 2011. Due to the recent formation of the Company and the acquisition of four troubled financial institutions, we did not complete the recruitment of certain professionals to fully implement, enforce, document or assess the effectiveness of our internal control on a timely basis or to remediate identified internal control deficiencies prior to December 31, 2011. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in the audit of our consolidated financial statements for the year ended December 31, 2011. We provided our independent auditors with detailed transaction-level documentation to enable them to sufficiently expand substantive testing procedures in order to obtain reasonable assurance that the consolidated financial statements were free of material misstatements and as a result, the noted material weakness in internal control did not affect our independent auditor's report on the consolidated financial statements dated March 27, 2012, which expressed an unqualified opinion on our consolidated financial statements. We have implemented and are continuing to implement measures designed to improve our internal control over financial reporting. In connection with our growth, we have expanded, and continue to expand, personnel to augment our internal control environment, including having hired over the last few quarters, among others, a new Chief Financial Officer, Controller, an Assistant Controller, a Treasurer, a Director of External Reporting, a General Counsel/Chief of Compliance and an additional senior credit officer. Additionally, we plan to separate the role of Chief Accounting Officer from that of the Chief Financial Officer. The measures we have taken to date and may take in the future may not be sufficient to avoid potential future material weaknesses and the consequences referenced above, though we believe that the actions we are taking are sufficient to address the identified weakness in internal control over financial reporting.

***We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.***

We are an emerging growth company, as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. Among other things, this means that our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an emerging growth company, which may increase the risk that material weaknesses or other deficiencies in our internal control over financial reporting go undetected. In addition, even if we comply with the greater obligations of public companies that are not emerging growth companies immediately after this offering, we may avail ourselves of the reduced requirements applicable to emerging growth companies from time to time in the future, so long as we are an emerging growth company. We will remain an emerging growth company for up to five years, though we may cease to be an emerging growth company earlier under certain circumstances, including if, before the end of such five years, we are deemed to be a large accelerated filer under the rules of the SEC (which depends on, among other things, having a market value of common stock held by non-affiliates in excess of \$700 million). Investors and securities analysts may find it more difficult to evaluate our Class A common stock because we will rely on one or more of these exemptions, and, as a result, investor confidence and the market price of our Class A common stock may be materially and adversely affected.

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Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies. We have elected to opt out of such extended transition period, which election is irrevocable.

### ***We rely on our systems and employees, and any errors or fraud could materially and adversely affect us.***

We are exposed to many types of operational risk, including the risk of fraud by employees and outsiders, clerical recordkeeping errors and transactional errors. Our business is dependent on our employees as well as third parties to process a large number of increasingly complex transactions. We could be materially and adversely affected if one of our employees causes a significant operational breakdown or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates our operations or systems. Third parties with which we do business also could be sources of operational risk to us, including breakdowns or failures of such parties' own systems or employees. Any of these occurrences could result in our diminished ability to operate our business, potential liability to customers, reputational damage and regulatory intervention, which could materially and adversely affect us.

### **Risks Relating to our Growth Strategy**

#### ***We may not be able to effectively manage our growth.***

Our future operating results depend to a large extent on our ability to successfully manage our rapid growth. Our rapid growth has placed, and it may continue to place, significant demands on our operations and management. Whether through additional acquisitions or organic growth, our current plan to expand our business is dependent upon our ability to:

continue to implement and improve our operational, credit, financial, management and other internal risk controls and processes and our reporting systems and procedures in order to manage a growing number of client relationships;

scale our technology platform;

integrate our acquisitions and develop consistent policies throughout the various businesses; and

attract and retain management talent.

We may not successfully implement improvements to, or integrate, our management information and control systems, procedures and processes in an efficient or timely manner and may discover deficiencies in existing systems and controls. In particular, our controls and procedures must be able to accommodate an increase in loan volume in various markets and the infrastructure that comes with new banking centers and banks. Thus, our growth strategy may divert management from our existing franchises and may require us to incur additional expenditures to expand our administrative and operational infrastructure and, if we are unable to effectively manage and grow our banking franchise, we could be materially and adversely affected. In addition, if we are unable to manage future expansion in our operations, we may experience compliance and operational problems, have to slow the pace of growth, or have to incur additional expenditures beyond current projections to support such growth, any one of which could materially and adversely affect us.

#### ***Our acquisitions generally will require regulatory approvals, and failure to obtain them would restrict our growth.***

We intend to complement and expand our business by pursuing strategic acquisitions of community banking franchises. Generally, any acquisition of target financial institutions, banking centers or other banking assets by

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us will require approval by, and cooperation from, a number of governmental regulatory agencies, possibly including the Federal Reserve, the OCC and the FDIC, as well as state banking regulators. In acting on applications, federal banking regulators consider, among other factors:

the effect of the acquisition on competition;

the financial condition, liquidity, results of operations, capital levels and future prospects of the applicant and the bank(s) involved;

the quantity and complexity of previously consummated acquisitions;

the managerial resources of the applicant and the bank(s) involved;

the convenience and needs of the community, including the record of performance under the Community Reinvestment Act (which we refer to in this prospectus as the "CRA");

the effectiveness of the applicant in combating money laundering activities; and

the extent to which the acquisition would result in greater or more concentrated risks to the stability of the United States banking or financial system.

Such regulators could deny our application based on the above criteria or other considerations, which would restrict our growth, or the regulatory approvals may not be granted on terms that are acceptable to us. For example, we could be required to sell banking centers as a condition to receiving regulatory approvals, and such a condition may not be acceptable to us or may reduce the benefit of any acquisition.

***The success of future transactions will depend on our ability to successfully identify and consummate acquisitions of banking franchises that meet our investment objectives. Because of the intense competition for acquisition opportunities and the limited number of potential targets, we may not be able to successfully consummate acquisitions on attractive terms, or at all, that are necessary to grow our business.***

The success of future transactions will depend on our ability to successfully identify and consummate transactions with target banking franchises that meet our investment objectives. There are significant risks associated with our ability to identify and successfully consummate these acquisitions. There are a limited number of acquisition opportunities, and we expect to encounter intense competition from other banking organizations competing for acquisitions and also from other investment funds and entities looking to acquire financial institutions. Many of these entities are well established and have extensive experience in identifying and consummating acquisitions directly or through affiliates. Many of these competitors possess ongoing banking operations with greater financial, technical, human and other resources and access to capital than we do, which could limit the acquisition opportunities we pursue. Our competitors may be able to achieve greater cost savings, through consolidating operations or otherwise, than we could. These competitive limitations give others an advantage in pursuing certain acquisitions. In addition, increased competition may drive up the prices for the acquisitions we pursue and make the other acquisition terms more onerous, which would make the identification and successful consummation of those acquisitions less attractive to us. Competitors may be willing to pay more for acquisitions than we believe are justified, which could result in us having to pay more for them than we prefer or to forego the opportunity. As a result of the foregoing, we may be unable to successfully identify and consummate acquisitions on attractive terms, or at all, that are necessary to grow our business.

***To the extent that we are unable to identify and consummate attractive acquisitions, or increase loans through organic loan growth, we may be unable to successfully implement our growth strategy, which could materially and adversely affect us.***

We intend to grow our business through strategic acquisitions of banking franchises coupled with organic loan growth. Previous availability of attractive acquisition targets may not be indicative of future acquisition opportunities, and we may be unable to identify any acquisition targets that meet our investment objectives. Additionally, loan growth, excluding the effects of our acquisitions, has so far been limited and such loan





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balances have declined by \$290 million from December 31, 2011 to June 30, 2012 as loan repayments from our customers have generally outpaced loan originations due not only to our limited time to cultivate relationships with our customers, but also due to the generally weakened economy and lower levels of quality borrowing demand. As a result, a significant portion of our income thus far has been derived from the accretion recognized on acquired assets rather than from cash interest income. As our acquired loan portfolio, which produces higher yields than our originated loans due to loan discount, accretable yield and the accretion of the FDIC indemnification asset, is paid down, we expect downward pressure on our income to the extent that the runoff is not replaced with other high-yielding loans. For example, the yield on our acquired loans accounted for under ASC Topic 310-30 for the six months ended June 30, 2012 was 8.94% while the yield on our originated loans for the same period ranged from approximately 3.0% to 6.0% depending on loan type and characteristics. As a result of the foregoing, if we are unable to replace loans in our existing portfolio with comparable high-yielding loans, we could be materially and adversely affected. We could also be materially and adversely affected if we choose to pursue riskier higher-yielding loans that fail to perform.

***Because we intend to make acquisitions that involve distressed assets, we may not be able to realize the value we predict from these assets or make sufficient provision for future losses in the value of, or accurately estimate the future writedowns to be taken in respect of, these assets.***

Delinquencies and losses in the loan portfolios and other assets we acquire may exceed our initial forecasts developed during our due diligence investigation prior to their acquisition and, thus, produce lower risk-adjusted returns than we believed our purchase price supported. Furthermore, our due diligence investigation may not reveal all material issues. The diligence process in FDIC-assisted transactions is also expedited due to the short acquisition timeline that is typical for these transactions. If, during the diligence process, we fail to identify all relevant issues related to an acquisition, we may be forced to later write down or write off assets, restructure our operations, or incur impairment or other charges that could result in significant losses. Any of these events could materially and adversely affect us. Current economic conditions have created an uncertain environment with respect to asset valuations and there is no certainty that we will be able to sell assets or institutions after we acquire them if we determine it would be in our best interests to do so. In addition, currently there is limited or no liquidity for certain asset classes we hold, including commercial real estate and construction and development loans.

***The success of future transactions will depend on our ability to successfully combine the target financial institution's banking franchises with our existing banking business and, if we experience difficulties with the integration process, the anticipated benefits of the acquisition may not be realized fully, or at all, or may take longer to realize than expected.***

The success of future transactions will depend, in part, on our ability to successfully combine the target financial institution's banking franchises with our existing banking business. As with any acquisition involving financial institutions, there may be business disruptions that result in the loss of customers or cause customers to remove their accounts and move their business to competing financial institutions. It is possible that the integration process could result in additional expenses, the disruption of ongoing business and inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers, depositors and employees and to achieve the anticipated benefits of the acquisition. Integration efforts, including integration of a target financial institution's systems into our systems, may divert our management's attention and resources, and we may be unable to develop, or experience prolonged delays in the development of, the systems necessary to operate our acquisitions, such as a financial reporting platform or a human resources reporting platform call center. If we experience difficulties with the integration process, the anticipated benefits of the particular acquisition may not be realized fully, or at all, or may take longer to realize than expected. Additionally, we may be unable to recognize synergies, operating efficiencies and/or expected benefits within expected timeframes and cost projections, or at all. We may also not be able to preserve the goodwill of an acquired financial institution.

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*Projected operating results for banking franchises to be acquired by us may be inaccurate and may vary significantly from actual results.*

We will generally establish the pricing of transactions and the capital structure of banking franchises to be acquired by us on the basis of financial projections for such banking franchises. In general, projected operating results will be based on the judgment of our management team. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed and the projected results may vary significantly from actual results. General economic, political and market conditions can have a material adverse impact on the reliability of such projections. In the event that the projections made in connection with our acquisitions, or future projections with respect to new acquisitions, are not accurate, such inaccuracies could materially and adversely affect us. Any of the foregoing matters could materially and adversely affect us.

*Our officers and directors may have conflicts of interest in determining whether to present business opportunities to us or another entity for which they have fiduciary or contractual obligations.*

Our officers and directors may become subject to fiduciary obligations in connection with their service on the boards of directors of other corporations. To the extent that our officers and directors become aware of acquisition opportunities that may be suitable for entities other than us to which they have fiduciary or contractual obligations, or they are presented with such opportunities in their capacities as fiduciaries to such entities, they may honor such obligations to such other entities. In addition, our officers and directors will not have any obligation to present us with any acquisition opportunity that does not fall within the parameters of our business (see Business ). You should assume that to the extent any of our officers or directors becomes aware of an opportunity that may be suitable both for us and another entity to which such person has a fiduciary or contractual obligation to present such opportunity as set forth above, he or she may first give the opportunity to such other entity or entities and may give such opportunity to us only to the extent such other entity or entities reject or are unable to pursue such opportunity. In addition, you should assume that to the extent any of our officers or directors becomes aware of an acquisition opportunity that does not fall within the above parameters but that may otherwise be suitable for us, he or she may not present such opportunity to us. In general, officers and directors of a corporation incorporated under Delaware law are required to present business opportunities to a corporation if the corporation could financially undertake the opportunity, the opportunity is within the corporation's line of business and it would not be fair to the corporation and its stockholders for the opportunity not to be brought to the attention of the corporation.

## **Risks Relating to the Regulation of Our Industry**

*The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 may have a material adverse effect on our business.*

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (which we refer to as the Dodd-Frank Act ), which imposes significant regulatory and compliance changes. The key effects of the Dodd-Frank Act on our business are:

changes to regulatory capital requirements;

exclusion of hybrid securities issued on or after May 19, 2010 from tier 1 capital;

creation of new government regulatory agencies (such as the Financial Stability Oversight Council, which will oversee systemic risk, and the Consumer Financial Protection Bureau, which will develop and enforce rules for bank and non-bank providers of consumer financial products);

potential limitations on federal preemption;

changes to deposit insurance assessments;

regulation of debit interchange fees we earn;

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changes in retail banking regulations, including potential limitations on certain fees we may charge; and

changes in regulation of consumer mortgage loan origination and risk retention.

In addition, the Dodd-Frank Act restricts the ability of banks to engage in certain proprietary trading or to sponsor or invest in private equity or hedge funds. The Dodd-Frank Act also contains provisions designed to limit the ability of insured depository institutions, their holding companies and their affiliates to conduct certain swaps and derivatives activities and to take certain principal positions in financial instruments.

Some provisions of the Dodd-Frank Act became effective immediately upon its enactment. Many provisions, however, will require regulations to be promulgated by various federal agencies in order to be implemented, some of which have been proposed by the applicable federal agencies. The provisions of the Dodd-Frank Act may have unintended effects, which will not be clear until implementation. The changes resulting from the Dodd-Frank Act could limit our business activities, require changes to certain of our business practices, impose upon us more stringent capital, liquidity and leverage requirements or otherwise materially and adversely affect us. These changes may also require us to invest significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements. Failure to comply with the new requirements could also materially and adversely affect us. Any changes in the laws or regulations or their interpretations could be materially adverse to investors in our Class A common stock. For a more detailed description of the Dodd-Frank Act, see *Supervision and Regulation Changes in Laws, Regulations or Policies and the Dodd-Frank Act*.

***We operate in a highly regulated environment and the laws and regulations that govern our operations, corporate governance, executive compensation and accounting principles, or changes in them, or our failure to comply with them, could materially and adversely affect us.***

We are subject to extensive regulation, supervision, and legislation that govern almost all aspects of our operations. Intended to protect customers, depositors and the Deposit Insurance Fund (the DIF) these laws and regulations, among other matters, prescribe minimum capital requirements, impose limitations on the business activities in which we can engage, limit the dividends or distributions that we can pay, restrict the ability of institutions to guarantee our debt, and impose certain specific accounting requirements on us that may be more restrictive and may result in greater or earlier charges to earnings or reductions in our capital than GAAP. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations often impose additional compliance costs. Our failure to comply with these laws and regulations, even if the failure follows good faith effort or reflects a difference in interpretation, could subject us to restrictions on our business activities, fines and other penalties, any of which could materially and adversely affect us. Further, any new laws, rules and regulations could make compliance more difficult or expensive and also materially and adversely affect us.

***We are subject to substantial regulatory limitations that limit the way in which we may operate our business.***

Our bank subsidiary, NBH Bank, N.A. ( NBH Bank or the Bank ), is subject to specific requirements pursuant to the OCC Operating Agreement entered into in connection with our acquisition of certain assets of Bank Midwest, N.A. The OCC Operating Agreement requires, among other things, that the Bank maintain various financial and capital ratios and provide notice to, and obtain consent from, the OCC with respect to any additional failed bank acquisitions from the FDIC or the appointment of any new director or senior executive officer of the Bank. Additionally, the OCC Operating Agreement prohibits the Bank from paying a dividend to the Company until December 2013 and, once the prohibition period has elapsed, imposes other restrictions on the Bank's ability to pay dividends, including requiring prior approval from the OCC before any distribution is made. Also, the OCC Operating Agreement requires that the Bank maintain total capital at least equal to 12% of risk-weighted assets, tier 1 capital at least equal to 11% of risk-weighted assets and tier 1 capital at least equal to 10% of adjusted total assets.

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The Bank (and, with respect to certain provisions, the Company) is also subject to the FDIC Order issued in connection with the FDIC's approval of our application for deposit insurance for the Bank. The FDIC Order requires, among other things, that, until December 2013, must obtain the FDIC's approval before implementing certain compensation plans, submit updated business plans and reports of material deviations from those plans to the FDIC and comply with the applicable requirements of the FDIC Policy Statement. Additionally, the FDIC Order requires that the Bank maintain capital levels of at least a 10% tier 1 leverage ratio and a 10% tier 1 risk-based capital ratio until December 2013.

A failure by us or the Bank to comply with the requirements of the OCC Operating Agreement or the FDIC Order, or the objection by the OCC or the FDIC to any materials or information submitted pursuant to the OCC Operating Agreement or the FDIC Order, could prevent us from executing our business strategy and materially and adversely affect us.

### ***The FDIC's restoration plan and the related increased assessment rate could materially and adversely affect us.***

The FDIC insures deposits at FDIC-insured depository institutions, such as our subsidiary bank, up to applicable limits. The amount of a particular institution's deposit insurance assessment is based on that institution's risk classification under an FDIC risk-based assessment system. An institution's risk classification is assigned based on its capital levels and the level of supervisory concern the institution poses to its regulators. Market developments have significantly depleted the DIF of the FDIC and reduced the ratio of reserves to insured deposits. As a result of recent economic conditions and the enactment of the Dodd-Frank Act, the FDIC has increased the deposit insurance assessment rates and thus raised deposit insurance premiums for insured depository institutions. If these increases are insufficient for the DIF to meet its funding requirements, there may need to be further special assessments or increases in deposit insurance premiums. We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If there are additional bank or financial institution failures, we may be required to pay even higher FDIC premiums than the recently increased levels. Any future additional assessments, increases or required prepayments in FDIC insurance premiums may materially and adversely affect us, including by reducing our profitability or limiting our ability to pursue certain business opportunities.

### ***Federal banking agencies periodically conduct examinations of our business, including compliance with laws and regulations, and our failure to comply with any supervisory actions to which we become subject as a result of such examinations could materially and adversely affect us.***

Federal banking agencies periodically conduct examinations of our business, including compliance with laws and regulations. If, as a result of an examination, a federal banking agency were to determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of any of our operations had become unsatisfactory, or that the Company or its management was in violation of any law or regulation, it may take a number of different remedial actions as it deems appropriate. These actions include the power to enjoin unsafe or unsound practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to assess civil monetary penalties against our officers or directors, to remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate our deposit insurance. If we become subject to such regulatory actions, we could be materially and adversely affected.

### ***We are subject to the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.***

The CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. A successful challenge to an

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institution's performance under the CRA or fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, and restrictions on expansion activity. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation.

***The Federal Reserve may require us to commit capital resources to support our subsidiary bank.***

As a matter of policy, the Federal Reserve, which examines us and our subsidiaries, expects a bank holding company to act as a source of financial and managerial strength to a subsidiary bank and to commit resources to support such subsidiary bank. Under the source of strength doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. In addition, the Dodd-Frank Act directs the federal bank regulators to require that all companies that directly or indirectly control an insured depository institution serve as a source of strength for the institution. Under this requirement, we could be required to provide financial assistance to our subsidiary bank should our subsidiary bank experience financial distress.

A capital injection may be required at times when we do not have the resources to provide it and therefore we may be required to borrow the funds or raise additional equity capital from third parties. Any loans by a holding company to its subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of the subsidiary bank. In the event of a bank holding company's bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the holding company's general unsecured creditors, including the holders of its indebtedness. Any financing that must be done by the holding company in order to make the required capital injection may be difficult and expensive and may not be available on attractive terms, or at all, which likely would have a material adverse effect on us.

***The short-term and long-term impact of the new regulatory capital standards and the forthcoming new capital rules for U.S. banks is uncertain.***

On September 12, 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, announced an agreement to a strengthened set of capital requirements for internationally active banking organizations in the United States and around the world, known as Basel III. Basel III increases the requirements for minimum common equity, minimum tier 1 capital, and minimum total capital, to be phased in over time until fully phased in by January 1, 2019.

Various provisions of the Dodd-Frank Act increase the capital requirements of bank holding companies, such as the Company, and non-bank financial companies that are supervised by the Federal Reserve. The leverage and risk-based capital ratios of these entities may not be lower than the leverage and risk-based capital ratios for insured depository institutions. In particular, bank holding companies, many of which have long relied on trust preferred securities as a component of their regulatory capital, will no longer be permitted to count trust preferred securities toward their tier 1 capital. In June 2012, the Federal Reserve, OCC and FDIC released proposed rules which would implement the Basel III and Dodd-Frank Act capital requirements. While the proposed capital requirements would result in generally higher regulatory capital standards, it is uncertain as to exactly how the new standards will ultimately be applied to us and our subsidiary bank and their impact on us or NBH Bank.

***We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.***

The federal Bank Secrecy Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the PATRIOT Act) and other laws and regulations

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require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network, established by the U.S. Treasury Department to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements, and has recently engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration, and Internal Revenue Service. There is also increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control (the OFAC). If our policies, procedures and systems are deemed deficient or the policies, procedures and systems of the financial institutions that we have already acquired or may acquire in the future are deficient, we would be subject to liability, including fines and regulatory actions (such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans), which could materially and adversely affect us. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us.

***Federal, state and local consumer lending laws may restrict our ability to originate certain mortgage loans or increase our risk of liability with respect to such loans and could increase our cost of doing business.***

Federal, state and local laws have been adopted that are intended to eliminate certain lending practices considered predatory. These laws prohibit practices such as steering borrowers away from more affordable products, selling unnecessary insurance to borrowers, repeatedly refinancing loans and making loans without a reasonable expectation that the borrowers will be able to repay the loans irrespective of the value of the underlying property. It is our policy not to make predatory loans, but these laws create the potential for liability with respect to our lending and loan investment activities. They increase our cost of doing business and, ultimately, may prevent us from making certain loans and cause us to reduce the average percentage rate or the points and fees on loans that we do make.

### **Risks Relating to Our Class A Common Stock**

***An active, liquid market for our Class A common stock may not develop or be sustained, which likely would materially and adversely affect the market price of our Class A common stock.***

Before our recent initial public offering, there had been no established public market for our Class A common stock. Although our Class A common stock recently began trading on the New York Stock Exchange, an active, liquid trading market for our Class A common stock may not develop or be sustained, which likely would materially and adversely affect the market price of our Class A common stock. Stockholders also may not be able to sell their shares of our Class A common stock at the volume, prices and times desired.

***The market price of our Class A common stock may fluctuate substantially and be highly volatile, which may make it difficult for stockholders to sell their shares of our Class A common stock at the volume, prices and times desired.***

Because our initial public offering occurred recently, our Class A common stock has limited trading history, and the market price of our Class A common stock may fluctuate substantially and be highly volatile, which may make it difficult for stockholders to sell their shares of our Class A common stock at the volume, prices and times desired. There are many factors that will impact the market price of our Class A common stock, including, without limitation:

general market conditions, including price levels and volume;

national, regional and local economic or business conditions;

the effects of, and changes in, trade, monetary and fiscal policies, including the interest rate policies of the Federal Reserve;

our actual or projected financial condition, liquidity, results of operations, cash flows and capital levels;



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changes in, or failure to meet, our publicly disclosed expectations as to our future financial and operating performance;

publication of research reports about us, our competitors or the financial services industry generally, or changes in, or failure to meet, securities analysts' estimates of our financial and operating performance, or lack of research reports by industry analysts or ceasing of coverage;

market valuations, as well as the financial and operating performance and prospects, of similar companies;

future issuances or sales, or anticipated issuances or sales, of our common stock or other securities convertible into or exchangeable or exercisable for our common stock;

expenses incurred in connection with changes in our stock price, such as changes in the value of the warrant liability and changes in the value of appreciation instruments issued to the FDIC;

additions or departures of key personnel;

the availability, terms and deployment of capital;

the impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance);

unanticipated regulatory or judicial proceedings, and related liabilities and costs;

the timely implementation of services and products by us and the acceptance of such services and products by customers;

our ability to continue to grow our business internally and through acquisitions and successful integration of new or acquired financial institutions, banking centers or other banking assets while controlling costs;

compliance with laws and regulatory requirements, including those of federal, state and local agencies;

our failure to satisfy the continuing listing requirements of the New York Stock Exchange;

our failure to comply with the Sarbanes-Oxley Act of 2002;

changes in accounting principles, policies and guidelines;

share-based compensation expense, including approximately \$5.0 million that we will incur upon the completion of this offering in connection with the achievement of one of the vesting requirements of previously granted share-based compensation;

actual, potential or perceived accounting problems affecting us, including the material weakness in our internal control over financial reporting that we identified during the audit of our consolidated financial statements for the year ended December 31, 2011.

our treatment as an emerging growth company under the federal securities laws;

rapidly changing technology;

other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services; and

other news, announcements or disclosures (whether by us or others) related to us, our competitors, our core markets or the financial services industry.

The stock markets in general have experienced substantial fluctuations and volatility that has often been unrelated to the operating performance and prospects of particular companies. These broad market movements may materially and adversely affect the market price of our Class A common stock. In the past, stockholders have sometimes instituted securities class action litigation against companies following significant declines in the

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market price of their securities. Any similar litigation against us could divert management's attention and resources and materially and adversely affect us.

***Our ability to pay dividends is subject to regulatory limitations and our bank subsidiary's ability to pay dividends to us, which is also subject to regulatory limitations.***

Prior to our initial public offering, we never paid cash dividends to holders of our common stock. We intend to commence the payment of a \$0.05 per share dividend on a quarterly basis to holders of our common stock. It is also our intent to establish a dividend policy pursuant to which we will distribute an amount equal to 25% of our consolidated annual net income in the form of dividends to holders of our common stock. Our ability to declare and pay dividends depends both on the ability of our bank subsidiary to pay dividends to us and on certain federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends. Because we are a separate legal entity from our bank subsidiary and we do not have significant operations of our own, any dividends paid by us to our common stockholders would have to be paid from funds at the holding company level that are legally available therefor. However, as a bank holding company, we are subject to general regulatory restrictions on the payment of cash dividends. Federal bank regulatory agencies have the authority to prohibit bank holding companies from engaging in unsafe or unsound practices in conducting their business, which depending on the financial condition and liquidity of the holding company at the time, could include the payment of dividends. Additionally, various federal and state statutory provisions limit the amount of dividends that our bank subsidiary can pay to us as its holding company without regulatory approval. Our bank subsidiary is currently prohibited by our OCC Operating Agreement from paying dividends to us until December 2013. Therefore, other than the net proceeds that we received or will receive from the 2009 private offering and from any future financing at the holding company level, we do not have, and do not expect to have in the near future, liquidity at the holding company level to pay dividends to our common stockholders. Finally, holders of our common stock are only entitled to receive such dividends as our board of directors may, in its unilateral discretion, declare out of funds legally available for such purpose based on a variety of considerations, including, without limitation, our historical and projected financial condition, liquidity and results of operations, capital levels, tax considerations, statutory and regulatory prohibitions and other limitations, general economic conditions and other factors deemed relevant by our board of directors. Accordingly, we may not pay the amount of dividends referenced in our current intention above, or any dividends at all, to our common stockholders in the future.

***The market price of our Class A common stock could decline significantly due to actual or anticipated issuances or sales of our common stock in the future.***

Actual or anticipated issuances or sales of substantial amounts of our common stock in the future could cause the market price of our Class A common stock to decline significantly and make it more difficult for us to sell equity or equity-related securities in the future at a time and on terms that we deem appropriate. The issuance of any shares of our common stock in the future also would, and equity-related securities could, dilute the percentage ownership interest held by stockholders prior to such issuance.

We have 46,287,200 outstanding shares of Class A common stock and 5,904,039 outstanding shares of Class B non-voting common stock, which shares of Class B non-voting common stock will be converted into shares of Class A common stock when sold in this offering. In addition, certain of our holders also hold warrants to purchase up to 830,750 additional shares of Class A common stock or Class B non-voting common stock. We have also filed a registration statement on Form S-8 under the Securities Act to register an aggregate of approximately 3,514,581 million shares of Class A common stock issued or reserved for future issuance under the NBH Holdings Corp. 2009 Equity Incentive Plan. We may issue all of these shares without any action or approval by our stockholders, and these shares, once issued (including upon exercise of outstanding options), will be available for sale into the public market, subject to the restrictions described above, if applicable, for affiliate holders. The warrant liability increased \$0.1 million during the six months ended June 30, 2012. The value of the warrant liability, and the expense that results from an increase to this liability, has a direct correlation to our stock price. Accordingly, any increase in our stock price, whether it be

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through this offering or otherwise, would result in an increase in the warrant liability and the associated expense. More information on the accounting and measurement of the warrant liability can be found in Notes 2 and 19 in our audited consolidated financial statements.

***Future incurrence of debt, which would rank senior to our Class A common stock upon our liquidation, and future issuances of equity securities, which would dilute the holdings of our existing Class A common stockholders and may be senior to our Class A common stock for the purposes of making distributions, periodically or upon liquidation, may negatively affect the market price of our Class A common stock.***

In the future, we may issue debt or equity securities or incur other borrowings. Upon our liquidation, holders of our debt securities and other loans and preferred stock will receive a distribution of our available assets before Class A common stockholders. If we incur debt in the future, our future interest costs could increase, and adversely affect our liquidity, cash flows and results of operations.

We are not required to offer any additional equity securities to existing Class A common stockholders on a preemptive basis. Therefore, additional common stock issuances, directly or through convertible or exchangeable securities, warrants or options, will dilute the holdings of our existing Class A common stockholders and such issuances or the perception of such issuances may reduce the market price of our Class A common stock. Our preferred stock, if issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit our ability to make distributions to Class A common stockholders. Because our decision to issue debt or equity securities or incur other borrowings in the future will depend on market conditions and other factors beyond our control, the amount, timing, nature or success of our future capital raising efforts is uncertain. Thus, Class A common stockholders bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings will negatively affect the market price of our Class A common stock.

***Provisions in our certificate of incorporation and the applicability of Section 203 of the Delaware General Corporation Law may inhibit a takeover of us, which could discourage transactions that would otherwise be in the best interests of our stockholders and could entrench management.***

Our certificate of incorporation contains provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. These provisions include limits on the aggregate ownership of our outstanding shares of Class A common stock and the unilateral ability of the board of directors to designate the terms of and issue new series of preferred stock. In addition, we have not opted out of the limitations on business combinations with interested stockholders contained in Section 203 of the Delaware General Corporation Law. As a result, it may be more difficult to remove management and may discourage transactions that would otherwise be in the best interests of our stockholders, including those involving payment of a premium over the prevailing market price of our Class A common stock. See Description of Capital Stock Certain Anti-Takeover Provisions of Delaware Law and our Certificate of Incorporation and Bylaws.

***Certain provisions of our loss sharing agreements may have anti-takeover effects and could limit our ability and the ability of our stockholders to engage in certain transactions.***

The loss sharing agreements we entered into with the FDIC in connection with the Hillcrest Bank and Community Banks of Colorado acquisitions require that we receive prior FDIC consent, which may be withheld by the FDIC in its sole discretion, prior to us or our stockholders engaging in certain transactions, including those that would otherwise be in our or their best interests. If any such transaction is completed without prior FDIC consent, the FDIC would have the right to discontinue the loss sharing arrangement with us.

Among other things, prior FDIC consent is required for (1) a merger or consolidation of us with or into another company if our stockholders will own less than 66.66% of the combined company, or of our bank subsidiary with or into another company, if we will own less than 66.66% of the combined company, (2) the sale

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of all or substantially all of the assets of our bank subsidiary and (3) a sale of shares by a stockholder, or a group of related stockholders, that will effect a change in control of our bank subsidiary, as determined by the FDIC with reference to the standards set forth in the Change in Bank Control Act of 1978, as amended (the Change in Bank Control Act ) (generally, the acquisition of between 10% and 25% of our voting securities where the presumption of control is not rebutted, or the acquisition by any person, acting directly or indirectly or through or in concert with one or more persons, of more than 25% of our voting securities). If we or any stockholder desired to enter into any such transaction, the FDIC may not grant its consent in a timely manner, without conditions, or at all. If one of these transactions were to occur without prior FDIC consent and the FDIC withdrew its loss share arrangement with us, we could be materially and adversely affected.

### ***Our certificate of incorporation contains provisions renouncing our interest and expectancy in certain corporate opportunities.***

We have renounced, in our certificate of incorporation, any interest or expectancy in any acquisition opportunities that our officers or directors become aware of and which may be suitable for other entities to which our officers or directors have a fiduciary or contractual obligation or which were presented to them in their capacity as fiduciaries of such other entities. This would apply even if the acquisition opportunity is in the same or similar line of business in which we operate. These potential conflicts of interest could have a material adverse effect on us.

### ***Stockholders may be deemed to be acting in concert or otherwise in control of us and our bank subsidiary, which could impose prior approval requirements and result in adverse regulatory consequences for such holders.***

We are a bank holding company regulated by the Federal Reserve. Any entity (including a group composed of natural persons) owning 25% or more of a class of our outstanding shares of voting stock, or a lesser percentage if such holder or group otherwise exercises a controlling influence over us, may be subject to regulation as a bank holding company in accordance with the Bank Holding Company Act of 1956, as amended (the BHCA ). In addition, (1) any bank holding company or foreign bank with a U.S. presence is required to obtain the approval of the Federal Reserve under the BHCA to acquire or retain 5% or more of a class of our outstanding shares of voting stock, and (2) any person other than a bank holding company may be required to obtain prior regulatory approval under the Change in Bank Control Act to acquire or retain 10% or more of our outstanding shares of voting stock. Any stockholder that is deemed to control the Company for bank regulatory purposes would become subject to prior approval requirements and ongoing regulation and supervision. Such a holder may be required to divest amounts equal to or exceeding 5% of the voting shares of investments that may be deemed incompatible with bank holding company status, such as an investment in a company engaged in non-financial activities. Regulatory determination of control of a depository institution or holding company is based on all of the relevant facts and circumstances. Potential investors are advised to consult with their legal counsel regarding the applicable regulations and requirements.

Our common stock owned by holders determined by a bank regulatory agency to be acting in concert would be aggregated for purposes of determining whether those holders have control of a bank or bank holding company. Each stockholder obtaining control that is a company would be required to register as a bank holding company. Acting in concert generally means knowing participation in a joint activity or parallel action towards the common goal of acquiring control of a bank or a parent company, whether or not pursuant to an express agreement. The manner in which this definition is applied in individual circumstances can vary and cannot always be predicted with certainty. Many factors can lead to a finding of acting in concert, including where: (i) the stockholders are commonly controlled or managed; (ii) the stockholders are parties to an oral or written agreement or understanding regarding the acquisition, voting or transfer of control of voting securities of a bank or bank holding company; (iii) the stockholders each own stock in a bank and are also management officials, controlling stockholders, partners or trustees of another company; or (iv) both a stockholder and a controlling stockholder, partner, trustee or management official of such stockholder own equity in the bank or bank holding company.

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*We and certain of our stockholders are required to comply with the applicable provisions of the FDIC Policy Statement, including a prohibition on sales or transfers of our securities by each such stockholder until three years after the Company's acquisition of certain failed institutions (except in the case of certain mutual fund holders) without prior FDIC approval.*

As the agency responsible for resolving the failure of banks, the FDIC has discretion to determine whether a party is qualified to bid on a failed institution. The FDIC adopted the FDIC Policy Statement in August 2009 and issued related guidance in January and April 2010. The FDIC Policy Statement imposes restrictions and requirements on certain institutions including us and our bank subsidiary and their investors. Unless we, together with a group of investors holding an aggregate of at least 30% of our common stock, along with all investors holding more than 5% of our total voting power, are then in compliance with the FDIC Policy Statement, the FDIC may not permit us to bid on failed institutions.

The FDIC Policy Statement imposes the following restrictions and requirements, among others. First, our bank subsidiary is required to maintain capital levels of at least a 10% tier 1 leverage ratio and a 10% tier 1 risk-based capital ratio until December 2013. This amount of capital exceeds that required under otherwise applicable regulatory requirements. Second, investors that collectively own 80% or more of two or more depository institutions are required to pledge to the FDIC their proportionate interests in each institution to indemnify the FDIC against any losses it incurs in connection with the failure of one of the institutions. Third, our bank subsidiary is prohibited from extending credit to its investors and to affiliates of its investors. Fourth, investors may not employ ownership structures that use entities domiciled in bank secrecy jurisdictions (which the FDIC has interpreted to apply to a wide range of non-U.S. jurisdictions). Fifth, investors are prohibited from selling or otherwise transferring shares of our common stock that they own for a three-year period following the time of certain acquisitions of failed institutions by us without FDIC approval. The transfer restrictions in the FDIC Policy Statement do not apply to open-ended investment companies that are registered under the Investment Company Act of 1940, as amended (the Investment Company Act), issue redeemable securities and allow investors to redeem on demand. Sixth, investors may not employ complex and functionally opaque ownership structures to own a beneficial interest in our bank subsidiary. Seventh, investors that own 10% or more of the equity of a failed institution are not eligible to bid for that institution in a FDIC auction. Eighth, investors may be required to provide information to the FDIC regarding the investors and all entities in their ownership chains, such as information with respect to the size of the capital fund or funds, their diversification, their return profiles, their marketing documents, their management teams, and their business models. Ninth, the FDIC Policy Statement does not replace or substitute for otherwise applicable regulations or statutes.

The FDIC Policy Statement applies to any of our stockholders, including purchasers of our Class A common stock in this offering, who hold more than 5% of our total voting power.

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as anticipate, believes, can, would, should, could, may, predicts, potential, show, plans, projects, continuing, ongoing, expects, intends and similar words or phrases. These statements are only predictions and involve estimated known and unknown risks, assumptions and uncertainties. Our actual results could differ materially from those expressed in or contemplated by such forward-looking statements as a result of a variety of factors, some of which are more fully described under the caption "Risk Factors" and elsewhere in this prospectus.

Any or all of our forward-looking statements in this prospectus may turn out to be inaccurate. The inclusion of such forward-looking statements should not be regarded as a representation by us, the selling stockholders, the underwriters or any other person that the results expressed in or contemplated by such forward-looking statements will be achieved. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, liquidity, results of operations, business strategy and growth prospects. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed in or contemplated by the forward looking statements, including, but not limited to:

ability to execute our business strategy;

changes in the regulatory environment, including changes in regulation that affect the fees that we charge;

economic, market, operational, liquidity, credit and interest rate risks associated with our business;

our ability to identify potential candidates for, and consummate, acquisitions of banking franchises on attractive terms, or at all;

our ability to integrate acquisitions and to achieve synergies, operating efficiencies and/or other expected benefits within expected time-frames, or at all, or within expected cost projections, and to preserve the goodwill of acquired banking franchises;

our ability to achieve organic loan and deposit growth and the composition of such growth;

business and economic conditions generally and in the financial services industry;

increased competition in the financial services industry, nationally, regionally or locally, resulting in, among other things, lower risk-adjusted returns;

changes in the economy or supply-demand imbalances affecting local real estate values;

volatility and direction of market interest rates;

effects of any changes in trade and monetary and fiscal policies and laws, including the interest rate policies of the Federal Reserve;

the ability in certain states to amend the state constitution by a simple majority of the people who actually vote;

governmental legislation and regulation, including changes in accounting regulation or standards;

failure of politicians to reach consensus on a bipartisan basis;

acts of war or terrorism, natural disasters such as tornadoes, flooding, hail storms and damaging winds, earthquakes, hurricanes or fires, or the effects of pandemic flu;

the timely development and acceptance of new products and services and perceived overall value of these products and services by users;



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changes in the Company's management personnel;

continued consolidation in the financial services industry;

ability to maintain or increase market share;

ability to implement and/or improve operational management and other internal risk controls and processes and our reporting system and procedures;

a weakening of the economy which could materially impact credit quality trends and the ability to generate quality loans;

the impact of current economic conditions and the Company's performance, liquidity, financial condition and prospects and on its ability to obtain attractive third-party funding to meet its liquidity needs;

fluctuations in face value of investment securities due to market conditions;

changes in fiscal, monetary and related policies of the U.S. federal government, its agencies and government sponsored entities;

inability to receive dividends from our subsidiary bank and to service debt, pay dividends to our common stockholders and satisfy obligations as they become due;

costs and effects of legal and regulatory developments, including the resolution of legal proceedings or regulatory or other governmental inquiries, and the results of regulatory examinations or reviews;

changes in estimates of future loan reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;

changes in capital classification;

impact of reputational risk on such matters as business generation and retention; and

the Company's success at managing the risks involved in the foregoing items.

All forward-looking statements are necessarily only estimates of future results. Accordingly, actual results may differ materially from those expressed in or contemplated by the particular forward-looking statement, and, therefore, you are cautioned not to place undue reliance on such statements. Any forward-looking statement is qualified in its entirety by reference to the matters discussed elsewhere in this prospectus. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law.



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**USE OF PROCEEDS**

We will not receive any proceeds from the sale of shares of our Class A common stock in this offering by the selling stockholders. See Selling Stockholders.

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**DIVIDEND POLICY**

From our inception date, we have not paid cash dividends to holders of our common stock. As approved by our board of directors, we intend to commence the payment of a \$0.05 per share dividend on a quarterly basis to holders of our common stock. It is also our intent to establish a dividend policy pursuant to which we will distribute an amount approximately equal to 25% of our consolidated annual net income in the form of dividends to holders of our common stock.

As a bank holding company, any dividends paid to us by our bank subsidiary, are subject to various federal and state regulatory limitations and also subject to the ability of our bank subsidiary to pay dividends to us. Currently, the Bank is prohibited by our OCC Operating Agreement from paying dividends to us until December 2013, and, therefore, any dividends to our common stockholders would have to be paid from funds legally available therefor at the holding company level. Other than the net proceeds that we received or will receive, as the case may be, from the 2009 private offering and from any future financing at the holding company level, we do not have, and do not expect to have in the near future, liquidity at the holding company level to pay dividends to our common stockholders. In addition, in the future we and our bank subsidiary may enter into credit agreements or other financing arrangements that prohibit or otherwise restrict our ability to declare or pay cash dividends. Any determination to pay cash dividends in the future will be at the unilateral discretion of our board of directors and will depend on a variety of considerations, including, without limitation, our historical and projected financial condition, liquidity and results of operations, capital levels, tax considerations, statutory and regulatory prohibitions and other limitations, general economic conditions and other factors deemed relevant by our board of directors.

See Risk Factors Our ability to pay dividends is subject to regulatory limitations and our bank subsidiary's ability to pay dividends to us, which is also subject to regulatory limitations ; Supervision and Regulation Dividend Restrictions and Material U.S. Federal Tax Considerations Dividends.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION**

The following table sets forth summary selected historical financial information as of December 31, 2009 and for the period from June 16, 2009 (inception) to December 31, 2009, as of and for the years ended December 31, 2010 and December 31, 2011, and as of and for the six months ended June 30, 2012 and for the six months ended June 30, 2011 and the three months ended June 30, 2012 and March 31, 2012. The summary selected historical consolidated financial information set forth below as of December 31, 2009 and for the period from June 16, 2009 (inception) to December 31, 2009 and as of and for the years ended December 31, 2010 and December 31, 2011 is derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated financial information set forth below as of and for the six months ended June 30, 2012 and June 30, 2011 and for the three months ended June 30, 2012 and March 31, 2012 is derived from our unaudited consolidated financial statements included elsewhere in this prospectus.

Although we were incorporated on June 16, 2009, we did not have any substantive operations prior to the Hillcrest Bank acquisition on October 22, 2010. Our results of operations for the post-Hillcrest Bank acquisition periods are not comparable to our results of operations for the pre-Hillcrest Bank acquisition periods. Our results of operations for the post-Hillcrest Bank acquisition periods reflect, among other things, the acquisition method of accounting. In addition, we consummated the Bank Midwest acquisition on December 10, 2010, the Bank of Choice acquisition on July 22, 2011 and the Community Banks of Colorado acquisition on October 21, 2011. The Bank Midwest, Bank of Choice and Community Banks of Colorado acquisitions were significant acquisitions and were also accounted for using the acquisition method of accounting. See Management's Discussion and Analysis of Financial Condition and Results of Operations.

The summary unaudited selected historical consolidated financial information set forth below should be read together with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, as well as the statements of assets acquired and liabilities assumed for each of our acquisitions, and the related notes thereto included elsewhere in this prospectus. Such information is not necessarily indicative of our results in any future periods, including the year ending December 31, 2012.

**Summary Selected Historical Consolidated Financial Data**

	June 30, 2012	March 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009 (1)
<b>Consolidated Balance Sheet Information (\$ in thousands):</b>					
Cash and cash equivalents	\$ 704,586	\$ 844,311	\$ 1,628,137	\$ 1,907,730	\$ 1,099,288
Investment securities available-for-sale	1,803,843	1,738,929	1,862,699	1,254,595	
Investment securities held-to-maturity	707,110	760,744	6,801		
Non-marketable equity securities	33,076	29,087	29,117	17,800	
Loans receivable (2):					
Covered under FDIC loss sharing agreements	767,683	861,636	952,715	703,573	
Not covered under FDIC loss sharing agreements	1,216,391	1,244,854	1,321,336	865,297	
Less: Allowance for loan losses	(17,294)	(12,408)	(11,527)	(48)	
Loans receivable, net	1,966,780	2,094,082	2,262,524	1,568,822	
FDIC indemnification asset	148,527	187,136	223,402	161,395	
Other real estate owned	137,712	144,619	120,636	54,078	
Premises and equipment, net	116,908	111,901	87,315	37,320	
Goodwill and other intangible assets	89,885	91,217	92,553	79,715	
Other assets	80,648	72,781	38,842	24,066	565
Total assets	5,789,075	6,074,807	6,352,026	5,105,521	1,099,853
Transaction account deposits	2,343,048	2,365,501	2,278,457	1,209,322	
Time deposits	2,186,501	2,406,648	2,784,596	2,264,017	
Other liabilities	162,785	211,269	200,244	638,423	2,357
Total liabilities	4,692,334	4,983,418	5,263,297	4,111,762	2,357
Total stockholders' equity (5)	1,096,741	1,091,389	1,088,729	993,759	1,097,496

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Total liabilities and stockholders equity	\$ 5,789,075	\$ 6,074,807	\$ 6,352,026	\$ 5,105,521	\$ 1,099,853
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	For the Six Months Ended June 30, 2012	For the Six Months Ended June 30, 2011	For the Three Months Ended June 30, 2012	For the Three Months Ended March 31, 2012	For the Twelve Months Ended December 31, 2011	For the Twelve Months Ended December 31, 2010	For the Period June 16, 2009 through December 31, 2009(1)
<b>Consolidated Income Statement Data:</b>							
Interest income	\$ 122,735	\$ 85,653	\$ 59,845	\$ 62,890	\$ 197,159	\$ 21,422	\$ 481
Interest expense	17,564	20,934	7,932	9,632	41,696	5,512	
Net interest income	105,171	64,719	51,913	53,258	155,463	15,910	481
Provision for loan losses	20,062	12,686	12,226	7,836	20,002	88	
Net interest income after provision for loan losses	85,109	52,033	39,687	45,422	135,461	15,822	481
Bargain purchase gain					60,520	37,778	
Non-interest income	20,319	20,093	10,049	10,270	28,966	4,385	
Non-interest expense	98,274	63,148	45,301	52,973	155,538	48,981	1,847
Income (loss) before income taxes	7,154	8,978	4,435	2,719	69,409	9,004	(1,366)
Provision (benefit) for income before taxes	2,809	3,220	1,733	1,076	27,446	2,953	168
Net income (loss)	\$ 4,345	\$ 5,758	\$ 2,702	\$ 1,643	\$ 41,963	\$ 6,051	\$ (1,534)
<b>Share Information (3):</b>							
Earnings (loss) per share, basic	\$ 0.08	\$ 0.11	\$ 0.05	\$ 0.03	\$ 0.81	\$ 0.11	\$ (0.07)
Earnings (loss) per share, diluted	\$ 0.08	\$ 0.11	\$ 0.05	\$ 0.03	\$ 0.81	\$ 0.11	\$ (0.07)
Book value per share	\$ 21.01	\$ 19.75	\$ 21.01	\$ 20.91	\$ 20.87	\$ 19.13	\$ 18.82
Tangible book value per share (4)	\$ 19.29	\$ 18.25	\$ 19.29	\$ 19.16	\$ 19.10	\$ 17.60	\$ 18.82
Weighted average common shares outstanding, basic (5)	52,184,501	51,936,280	52,191,239	52,176,863	51,978,744	53,000,454	21,251,006
Weighted average common shares outstanding, diluted (5)	52,311,348	51,936,280	52,319,170	52,303,771	52,104,021	53,000,454	21,251,006
Common shares outstanding (5)	52,191,239	51,936,280	52,191,239	52,191,239	52,157,697	51,936,280	58,318,304
<b>Other Financial Data:</b>							
Adjusted pre-tax pre-provision net revenue (7)	\$ 31,671	\$ 30,569	\$ 18,752	\$ 12,919	\$ 47,035	\$ 1,991	\$ (1,366)
Adjusted non-interest expense (7)	\$ 93,145	\$ 54,051	\$ 43,210	\$ 49,935	\$ 138,039	\$ 18,293	\$ 1,847

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	As of and for the Six Months Ending June 30, 2012	As of and for the Six Months Ended June 30, 2011	As of and for the Three Months Ending June 30, 2012	As of and for the Three Months Ending March 31, 2012	As of and for the Twelve Months Ending December 31, 2011	As of and for the Twelve Months Ending December 31, 2010	As of and for the period June 16, 2009 through December 31, 2009 (1)
<b>Other Information (unaudited):</b>							
<i>Financial ratios</i>							
Return on average assets (6)	0.14%	0.25%	0.18%	0.11%	0.81%	0.44%	-0.33%
Return on average tangible assets (4)(6)	0.20%	0.31%	0.25%	0.16%	0.88%	0.44%	NM
Adjusted return on average assets (6)(7)	0.24%	0.48%	0.27%	0.20%	0.32%	0.09%	-0.33%
Return on average equity (6)	0.80%	1.15%	0.99%	0.60%	4.01%	0.62%	-0.33%
Return on average tangible common equity (4)(6)	1.30%	1.51%	1.42%	0.99%	4.63%	0.62%	NM
Adjusted return on average equity (6)(7)	1.30%	2.24%	1.45%	1.13%	1.57%	0.13%	-0.33%
Return on risk weighted assets (6)	0.44%	0.84%	0.55%	0.32%	2.21%	0.46%	NM
Pre-tax pre-provision net revenue to risk weighted assets (6)(7)	2.75%	3.15%	3.37%	2.07%	4.70%	0.69%	0.70%
Adjusted pre-tax pre-provision net revenue to risk weighted assets (6)(7)	3.20%	4.45%	3.79%	2.54%	2.47%	0.15%	NM
Interest earning assets to interest-bearing liabilities (end of period) (8)	130.30%	119.48%	130.30%	128.62%	127.91%	129.91%	N/A
Loans to deposits ratio (end of period) (2)	43.80%	39.33%	43.80%	44.14%	44.91%	45.17%	N/A
Non-interest bearing deposits to total deposits (end of period)	14.00%	10.11%	14.00%	13.35%	13.41%	9.39%	N/A
Yield on earning assets (8)	4.62%	4.16%	4.61%	4.62%	4.31%	1.63%	0.23%
Cost of interest bearing liabilities (8)	0.84%	1.32%	0.78%	0.90%	1.15%	1.65%	N/A
Interest rate spread (9)	3.78%	2.84%	3.83%	3.72%	3.17%	-0.02%	NM
Net interest margin (10)	3.96%	3.14%	4.00%	3.91%	3.40%	1.21%	N/A
Non-interest expense to average assets (6)	3.27%	2.74%	3.09%	3.45%	3.01%	3.56%	NM
Adjusted non-interest expense to average assets (6)	3.10%	2.34%	2.95%	3.25%	2.67%	1.33%	NM
Efficiency Ratio (11)	76.19%	72.15%	70.96%	81.28%	61.72%	84.34%	NM
<i>Asset quality ratios (2)(12)(13)</i>							
Non-performing loans to total loans	2.51%	2.33%	2.51%	1.76%	2.23%	0.95%	N/A
Covered non-performing loans to total non-performing loans	15.59%	49.61%	15.59%	19.85%	29.19%	97.12%	N/A
Non-performing assets to total assets	3.26%	2.25%	3.26%	3.06%	2.72%	1.35%	N/A
Covered non-performing assets to total non-performing assets	45.41%	84.50%	45.41%	49.41%	53.55%	99.38%	N/A
Allowance for loan losses to total loans	0.87%	0.36%	0.87%	0.59%	0.51%	0.00%	N/A
Allowance for loan losses to total non-covered loans	1.42%	0.64%	1.42%	1.00%	0.87%	0.01%	N/A
Allowance for loan losses to non-performing loans	34.69%	15.61%	34.69%	33.42%	22.71%	0.32%	N/A



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Net charge-offs to average loans (6)	1.36%	1.08%	1.45%	1.27%	0.51%	0.01%	N/A
<i>Capital ratios</i>							
Total Stockholders' equity to total assets	18.95%	22.32%	18.95%	17.97%	17.14%	19.46%	99.79%
Tangible common equity to tangible assets (4)	17.67%	20.98%	17.67%	16.72%	15.91%	18.19%	99.79%
Tier 1 leverage	17.02%	20.50%	17.02%	15.92%	15.10%	17.88%	N/A
Tier 1 risk-based capital	49.32%	66.70%	49.32%	46.60%	49.92%	69.57%	N/A
Total risk-based capital	50.21%	66.07%	50.21%	47.22%	50.53%	69.57%	N/A

- (1) The Company was incorporated on June 16, 2009, but neither the Company nor the Bank had any substantive operations prior to the first acquisition on October 22, 2010. The period from June 16, 2009 to December 31, 2009 contained 200 days.
- (2) Total loans are net of unearned discounts and deferred fees and costs.

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- (3) Per share information is calculated based on the aggregate number of our shares of Class A common stock outstanding, including 250,000 founders' shares that were issued in 2009 at par value and vested during 2011, and Class B non-voting common stock outstanding.
- (4) Tangible book value per share, return on tangible average assets, return on tangible common average equity, and tangible common equity to tangible assets are non-GAAP financial measures. Tangible book value per share is computed as total stockholders' equity less goodwill and other intangible assets, net, divided by common shares outstanding at the balance sheet date. For purposes of computing tangible common equity to tangible assets, tangible common equity is calculated as common stockholders' equity less goodwill and other intangible assets, net, and tangible assets is calculated as total assets less goodwill and other intangible assets, net. We believe that the most directly comparable GAAP financial measures are book value per share and total stockholders' equity to total assets. See the reconciliation under Management's Discussion and Analysis of Financial Condition and Results of Operations About Non-GAAP Financial Measures.
- (5) On March 11, 2010, we repurchased 6,382,024 shares of our Class A common stock in response to the FDIC's issued guidance in the FDIC Policy Statement. More information on the FDIC Policy Statement is described under Supervision and Regulation FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions.
- (6) Ratio is annualized for interim periods and for the period from June 16, 2009 to December 31, 2009. See note 1 above.
- (7) Adjusted calculations exclude stock-based compensation expense, loss (gain) on sale of securities, bargain purchase gains and related acquisition expenses. In addition, the adjusted pre-tax pre-provision net revenue calculation excludes income taxes and provision for loan losses. Adjusted return refers to adjusted net revenue after tax. Tax adjustments are calculated at a rate equal to the effective tax rate for each period. See the table below and Management's Discussion and Analysis of Financial Condition and Results of Operations About Non-GAAP Financial Measures.

	For the Six Months Ended June 30, 2012	For the Six Months Ended June 30, 2011	For the Three Months Ended June 30, 2012	For the Three Months Ended March 31, 2012	For the Year Ended December 31, 2011	For the Year Ended December 31, 2010(1)	For the Year Ended December 31, 2009(1)
Net income (loss)	\$ 4,345	\$ 5,758	\$ 2,702	\$ 1,643	\$ 41,963	\$ 6,051	\$ (1,534)
Add: impact of income taxes	2,809	3,220	1,733	1,076	27,446	2,953	168
Add: impact of provision	20,062	12,686	12,226	7,836	20,002	88	
Pre-tax pre-provision net revenue	27,216	21,664	16,661	10,555	89,411	9,092	(1,366)
Less: bargain purchase gain					(60,520)	(37,778)	
Add: impact of stock-based compensation	4,259	8,623	2,076	2,183	12,564	16,612	
Add: impact of acquisition costs	870	474	15	855	4,935	14,076	
Less: Gain (loss) on sale of investment securities	(674)	(192)		(674)	645	(11)	
Adjusted pre-tax pre-provision net revenue	\$ 31,671	\$ 30,569	\$ 18,752	\$ 12,919	\$ 47,035	\$ 1,991	\$ (1,366)
Net income (loss)	\$ 4,345	\$ 5,758	\$ 2,702	\$ 1,643	\$ 41,963	\$ 6,051	\$ (1,534)
Less: bargain purchase gain, after tax					(36,589)	(25,388)	
Add: impact of stock-based compensation, after tax	2,587	5,213	1,261	1,326	7,596	11,164	
Add: impact of acquisition costs, after tax	528	287	9	519	2,984	9,460	
Less: Gain (loss) on sale of investment securities, after tax	(409)	(116)		(409)	400	(7)	
Adjusted net revenue after tax	\$ 7,051	\$ 11,142	\$ 3,972	\$ 3,079	\$ 16,354	\$ 1,280	\$ (1,534)
Non-interest expense	\$ 98,274	\$ 63,148	\$ 45,301	\$ 52,973	\$ 155,538	\$ 48,981	\$ 1,847
Less: impact of stock-based compensation	(4,259)	(8,623)	(2,076)	(2,183)	(12,564)	(16,612)	
Less: impact of acquisition costs	(870)	(474)	(15)	(855)	(4,935)	(14,076)	

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Adjusted non-interest expense	\$ 93,145	\$ 54,051	\$ 43,210	\$ 49,935	\$ 138,039	\$ 18,293	\$ 1,847
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- (8) Interest-earning assets include assets that earn interest/accretion or dividends, except for the FDIC indemnification asset that earns accretion but is not part of interest earning assets. Interest-earning assets as of December 31, 2010 exclude investment securities that were purchased (and therefore included in investment securities balances) but not settled as of the balance sheet date. Additionally, any market value adjustments on investment securities are excluded from interest-earning assets. Interest-bearing liabilities include liabilities that must be paid interest.
- (9) Interest rate spread represents the difference between the weighted average yield of interest-earning assets and the weighted average cost of interest-bearing liabilities.
- (10) Net interest margin represents net interest income, including accretion income, as a percentage of average interest-earning assets.
- (11) The efficiency ratio represents non-interest expense, less intangible asset amortization, as a percentage of net interest income plus non-interest income.
- (12) Non-performing loans consist of non-accruing loans, loans 90 days or more past due and still accruing interest and restructured loans, but exclude loans accounted for under ASC Topic 310-30 in which the pool is still performing. These ratios may therefore not be comparable to similar ratios of our peers. For additional information on our treatment of loans acquired with deteriorated credit quality, see Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition.
- (13) Non-performing assets include non-performing loans and OREO.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

*The following management discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes for the three and six months ended June 30, 2012 and 2011, with our audited consolidated financial statements and related notes as of and for the years ended December 31, 2011 and 2010, and for the period from June 16, 2009 (date of inception) through December 31, 2009, and with the other financial and statistical data presented in this prospectus, as well as the statements of assets acquired and liabilities assumed for each of our acquisitions. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions that may cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed in the sections entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" and should be read herewith.*

*Readers are cautioned that meaningful comparability of current period financial information to prior periods is limited. Prior to the completion of the Hillcrest Bank acquisition on October 22, 2010, we had no banking operations and our activities were limited to corporate organization matters and due diligence. Following our Hillcrest Bank acquisition, we completed three additional acquisitions: Bank Midwest on December 10, 2010, Bank of Choice on July 22, 2011 and Community Banks of Colorado on October 21, 2011. As a result, our operating results are limited to the periods since these acquisitions, and the comparability of periods is compromised due to the timing of these acquisitions. Additionally, the comparability of data related to our acquisitions prior to the respective dates of acquisition is limited because, in accordance with Accounting Standards Codification (ASC) Topic 805, Business Combinations, the assets acquired and liabilities assumed were recorded at fair value at their respective dates of acquisition and do not have a significant resemblance to the assets and liabilities of the predecessor banking franchises. The comparability of pre-acquisition data is compromised not only by the fair value accounting applied, but also by the FDIC loss sharing agreements in place that cover a portion of losses incurred on certain assets acquired in the Hillcrest Bank and the Community Banks of Colorado acquisitions. In the Bank Midwest acquisition, only specific, performing loans were chosen for acquisition. Additionally, we acquired the assets of Bank of Choice at a substantial discount from the FDIC. We received a considerable amount of cash during the settlement of these acquisitions, we paid off certain borrowings, and we contributed significant capital to each banking franchise we acquired. All of these actions materially changed the balance sheet composition, liquidity, and capital structure of the acquired banking franchises.*

*In May 2012, we changed the name of Bank Midwest, N.A. to NBH Bank, N.A. (NBH Bank or the Bank) and all references to NBH Bank, N.A. should be considered synonymous with references to Bank Midwest, N.A. prior to the name change.*

**Overview**

National Bank Holdings Corporation is a bank holding company that was incorporated in the State of Delaware in June 2009. In October 2009, we raised net proceeds of approximately \$974 million through a private offering of our common stock. We completed the initial public offering of our Class A common stock in September 2012. We are executing a strategy to create long-term stockholder value through the acquisition and operation of community banking franchises and other complementary businesses in our targeted markets. We believe these markets exhibit attractive demographic attributes, are home to a substantial number of financial institutions, including troubled financial institutions, and present favorable competitive dynamics, thereby offering long-term opportunities for growth. Our emphasis is on creating meaningful market share with strong revenues complemented by operational efficiencies that we believe will produce attractive risk-adjusted returns.

We believe we have a disciplined approach to acquisitions, both in terms of the selection of targets and the structuring of transactions, which has been exhibited by our four acquisitions to date. As of June 30, 2012, we had approximately \$5.8 billion in assets, \$4.5 billion in deposits and \$1.1 billion in stockholders' equity. We

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currently operate a network of 101 full-service banking centers, with the majority of those banking centers located in the greater Kansas City region and Colorado. We believe that our established presence positions us well for growth opportunities in our current and complementary markets.

Our strategic plan is to become a leading regional bank holding company through selective acquisitions of financial institutions, including troubled financial institutions that have stable core franchises and significant local market share, as well as other complementary businesses, while structuring the transactions to limit risk. We plan to achieve this through the acquisition of banking franchises from the FDIC and through conservatively structured unassisted transactions. We seek acquisitions that offer opportunities for clear financial benefits through add-on transactions, long-term organic growth opportunities and expense reductions. Additionally, our acquisition strategy is to identify markets that are relatively unconsolidated, establish a meaningful presence within those markets, and take advantage of operational efficiencies and enhanced market position. Our focus is on building strong banking relationships with small- and mid-sized businesses and consumers, while maintaining a low risk profile designed to generate reliable income streams and attractive risk-adjusted returns. Through our acquisitions, we have established a solid core banking franchise with operations in the greater Kansas City region and in Colorado, with a sizable presence for deposit gathering and customer relationship building necessary for growth.

## **Operating Highlights and Key Challenges**

Prior to completion of the Hillcrest Bank acquisition on October 22, 2010, we had no banking operations and our activities were limited to corporate organization matters and acquisition due diligence. Our first full year with banking operations was 2011 and includes the results of operations of Hillcrest Bank and NBH Bank for the entire year, Bank of Choice from July 22, 2011 and Community Banks of Colorado from October 21, 2011. The six months ended June 30, 2012 marked our first two full quarters with the operations of all four of our acquisitions. These operations resulted in the following highlights as of and for the six months ended June 30, 2012:

### *Attractive risk profile.*

As of June 30, 2012, 86.3%, or \$1.7 billion, of our total loans (by dollar amount) were acquired loans and all of those loans were recorded at their estimated fair value at the time of acquisition.

As of June 30, 2012, 38.7%, or \$767.7 million, of our total loans (by dollar amount) were covered by loss sharing agreements with the FDIC.

As of June 30, 2012, 56.3%, or \$77.5 million, of our total other real estate owned (by dollar amount) was covered by loss sharing agreements with the FDIC.

### *Strong capital position.*

As of June 30, 2012, our tier 1 leverage ratio was 17.02% and our tier 1 risk-based capital ratio was 49.32%.

As of June 30, 2012, we had approximately \$350 million of capital available to deploy while maintaining a 10% tier 1 leverage ratio, and we had approximately \$475 million of available capital to deploy at an 8% tier 1 leverage ratio.

Tangible book value per share increased from \$17.60 at December 31, 2010 to \$19.10 at December 31, 2011 and to \$19.29 at June 30, 2012.

The after-tax accretable yield on ASC 310-30 loans plus the after-tax yield on the FDIC Indemnification asset, net, in excess of 4.5%, an approximate yield on new loan originations, and discounted at 5%, adds \$0.59 per share to our tangible book value per

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share as of June 30, 2012.

*Foundation for loan growth.*

As of June 30, 2012, we have over \$1.0 billion of loans outstanding that are associated with a strategic client relationship.

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Loans associated with our strategic client relationships had strong credit quality with less than 0.2% 90 days or more past due as of June 30, 2012.

For the six months ended June 30, 2012, loan originations totaled \$167 million, representing an increase of three times from \$50 million in the first six months of 2011.

Approximately \$251 million of the \$290 million decrease in loans during the six months ended June 30, 2012 was from the non-strategic portfolio, with the remaining decrease coming from our Colorado market as we integrate and build out our lending functions in that market.

*Client deposit funded balance sheet.*

As of June 30, 2012, total deposits made up 96.5% of our total liabilities.

Transaction accounts increased from 45.0% of total deposits at December 31, 2011 to 51.7% as of June 30, 2012.

As of June 30, 2012, we did not have any brokered deposits.

*Attractive risk-adjusted returns and revenue streams.*

For the six months ended June 30, 2012, our pre-tax pre-provision net revenue was 2.75% of total risk weighted assets (for reconciliation, see [About Non-GAAP Financial Measures](#) ).

Our average annual yield on our loan portfolio was 8.49% during the six months ended June 30, 2012.

Cost of deposits declined 15 basis points during the six months ended June 30, 2012 and has decreased 43 basis points from June 30, 2011 to June 30, 2012 due to the continued emphasis on our consumer banking strategy on lower cost transaction accounts.

Non-interest expense to average assets of 3.27% for the six months ended June 30, 2012.

*Integrated operating platform.*

We have successfully integrated all of our acquired banks onto a single operating platform across our franchise. During 2011 and early 2012, we completed the deployment of much of the cash received in our acquisitions into our investment securities portfolio. We also actively worked to resolve the troubled loans and OREO that we acquired through our acquisition of three failed banks. Accordingly, we expect that continued steady resolution of troubled assets, coupled with loan payoffs, will offset loan originations in the near-term. As a result, we expect that our investment securities portfolio will continue to be one of the largest components of our balance sheet.

We have worked to actively grow our banking franchise and implement consistent lending policies and a technology infrastructure designed to support our acquisition strategy, provide for future growth and achieve operational efficiencies. This included the implementation of a scalable data processing and operating platform and hiring key personnel to execute our relationship banking strategy. In May and July 2012, we completed the integration of Community Banks of Colorado and Bank of Choice, respectively, onto our operating platform and we now have all of our operations on a single operating platform. We expect that the integration of these operations will provide additional efficiencies and

enable us to support growth.

*Key Challenges*

There are a number of significant challenges confronting us and our industry. Economic conditions remain guarded and increasing bank regulation is adding costs and uncertainty to all U.S. banks. We face a variety of



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challenges in implementing our business strategy, including being a new entity, hiring talented people, the challenges of acquiring distressed franchises and rebuilding them, deploying our remaining capital on quality targets, low interest rates and low demand from high quality borrowers.

Broad economic conditions, including those in our core markets, remain strained and both commercial and residential real estate values remain under pressure, which may lead to continued deterioration in credit quality and further elevated levels of non-performing assets, ultimately having a negative impact on the quality of our loan portfolio. Excluding the new loan balances contributed by our two 2011 acquisitions, loan balances declined during the first six months of 2012 and during 2011 due to the repayment and resolution of existing loans that have been outpacing organic loan growth resulting from curtailed real estate activities and constrained economic activity. Additionally, the historically low interest rate environment limits the yields we are able to obtain on interest earning assets, including both new assets acquired as we grow and assets that replace existing, higher yielding assets as they are paid down or mature. For example, our acquired loans generally have produced higher yields than our originated loans due to the recognition of accretion of fair value adjustments and accretable yield. As a result, we expect the yields on our loans to decline as our acquired loan portfolio pays down or matures and we expect downward pressure on our interest income to the extent that the runoff on our acquired loan portfolio is not replaced with comparable high-yielding loans.

Increased regulation, such as the passage of the Dodd-Frank Act or potential higher required capital ratios, could reduce our competitiveness as compared to other banks or lead to industry-wide decreases in profitability. While certain external factors are out of our control and may provide obstacles during the implementation of our business strategy, we believe we are prepared to deal with these challenges. We remain flexible, yet methodical, in our strategic decision making so that we can quickly respond to market changes and the inherent challenges and opportunities that accompany such changes.

## **Performance Overview**

As a financial institution, we routinely evaluate and review our consolidated statements of financial condition and results of operations. We evaluate the levels, trends and mix of the statements of financial condition and statements of operations line items and compare those levels to our budgeted expectations, our peers, industry averages and trends. Due to our short operating history, comparisons to our prior historical performance are limited, but are used to the extent practical.

Within our statements of financial condition, we specifically evaluate and manage the following:

*Loan balances* We monitor our loan portfolio to evaluate loan originations, payoffs, and profitability. We forecast loan originations and payoffs within the overall loan portfolio, and we work to resolve problem loans and OREO in an expeditious manner. We track the runoff of our covered assets as well as the loan relationships that we have identified as non-strategic and put particular emphasis on the buildup of strategic relationships.

*Asset quality* We monitor the asset quality of our loans and OREO through a variety of metrics, and we work to resolve problem assets in an efficient manner. Specifically, we monitor the resolution of problem loans through payoffs, pay downs and foreclosure activity. We marked all of our acquired assets to fair value at the date of their respective acquisitions, taking into account our estimation of credit quality. Additionally, the majority of the loans and all of the OREO acquired in the Hillcrest Bank acquisition are covered by loss sharing agreements with the FDIC, and, as of the date of acquisition, approximately 61.8% of loans and 83.5% of OREO acquired in the Community Banks of Colorado acquisition were covered by a loss sharing agreement. As of June 30, 2012, 38.7% of our total loans and 56.3% of our OREO was covered by loss sharing agreements with the FDIC.

Many of the loans that we acquired in the Hillcrest Bank, Bank of Choice and Community Banks of Colorado acquisitions had deteriorated credit quality at the respective dates of acquisition. These loans have

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historically been and currently are accounted for under ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. As of June 30, 2012 and December 31, 2011, 53.4% and 57.5% of our loans were accounted for under this guidance, which is described more fully below under *Application of Critical Accounting Policies* and in Note 2 in our audited consolidated financial statements. Loans accounted for under ASC Topic 310-30 may be considered performing upon and subsequent to acquisition, regardless of whether the customer is contractually delinquent, if the timing and expected cash flows on such loans can be reasonably estimated and if collection of the new carrying value of such loans is expected.

Our evaluation of traditional credit quality metrics and the allowance for loan losses ( ALL ) levels, especially when compared to industry averages or to other financial institutions, takes into account that any credit quality deterioration that existed at the date of acquisition was considered in the original valuation of those assets on our balance sheet. Additionally, many of these assets are covered by the loss sharing agreements and at June 30, 2012 53.4% of our loans were accounted for under ASC Topic 310-30. All of these factors limit the comparability of our credit quality and ALL levels to peers or other financial institutions.

*Deposit balances* We monitor our deposit levels by type, market and rate. Our loans are funded primarily through our deposit base, and we seek to optimize our deposit mix in order to provide reliable, low-cost funding sources.

*Liquidity* We monitor liquidity based on policy limits and through projections of sources and uses of cash. In order to test the adequacy of our liquidity, we routinely perform various liquidity stress test scenarios that incorporate wholesale funding maturities, if any, certain deposit run-off rates and committed line of credit draws. We manage our liquidity primarily through our balance sheet mix, including our cash and our investment security portfolio, and the interest rates that we offer on our loan and deposit products, coupled with contingency funding plans as necessary.

*Capital* We monitor our capital levels, including evaluating the effects of potential acquisitions, to ensure continued compliance with regulatory requirements and with the OCC Operating Agreement and FDIC Order that we entered into with our regulators in connection with our Bank Midwest acquisition, which is described under *Supervision and Regulation* . We review our tier 1 leverage capital ratios, our tier 1 risk-based capital ratios and our total risk-based capital ratios on a quarterly basis.

Within our consolidated results of operations, we specifically evaluate the following:

*Net interest income* Net interest income represents the amount by which interest income on interest-earning assets exceeds interest expense incurred on interest-bearing liabilities. We generate interest income through interest and dividends on investment securities, interest-bearing bank deposits and loans. Our acquired loans have generally produced higher yields than our originated loans due to the recognition of accretion of fair value adjustments and accretable yield, as is more fully described under *Application of Critical Accounting Policies*. As a result, we expect downward pressure on our interest income to the extent that the runoff of our acquired loan portfolio is not replaced with comparable high-yielding loans. We incur interest expense on our interest-bearing deposits and repurchase agreements and would also incur interest expense on any future borrowings, including any debt assumed in acquisitions. We strive to maximize our interest income by acquiring and originating high-yielding loans and investing excess cash in investment securities. Furthermore, we seek to minimize our interest expense through low-cost funding sources, thereby maximizing our net interest income.

*Provision for loan losses* The provision for loan losses includes the amount of expense that is required to maintain the ALL at an adequate level to absorb probable losses inherent in the loan portfolio at the balance sheet date. Additionally, we incur a provision for loan losses on loans accounted for under ASC Topic 310-30 as a result of a decrease in the net present value of the expected future cash flows during the periodic remeasurement of the cash flows associated with these pools of loans. The determination of the amount of the provision for loan losses and the related ALL is complex and involves a high degree of judgment and subjectivity to maintain a level of ALL that is considered by management to be appropriate under GAAP.

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*Non-interest income* Non-interest income consists primarily of service charges, bank card fees, gains on sales of investment securities, and other non-interest income. Also included in non-interest income is FDIC loss sharing income (expense), which consists of accretion of our FDIC indemnification asset and reimbursement of costs related to the resolution of covered assets, and amortization of our clawback liability. For additional information on our clawback liability, see Application of Critical Accounting Policies Acquisition Accounting Application and the Valuation of Assets Acquired and Liabilities Assumed and Note 2 in our audited consolidated financial statements. Due to fluctuations in the accretion rates on the FDIC indemnification asset and the amortization of clawback liability and due to varying levels of expenses related to the resolution of covered assets, the FDIC loss sharing income (expense) is not consistent on a period-to-period basis and, absent additional acquisitions with FDIC loss sharing agreements, is expected to decline over time as covered assets are resolved.

*Non-interest expense* The primary components of our non-interest expense are salaries and employee benefits, occupancy and equipment, professional fees and data processing and telecommunications. Any expenses related to the resolution of covered assets are also included in non-interest expense. These expenses are dependent on individual resolution circumstances and, as a result, are not consistent from period to period. We seek to manage our non-interest expense in order to maximize efficiencies.

*Net income* We utilize traditional industry return ratios such as return on average assets, return on average equity and return on risk-weighted assets to measure and assess our returns in relation to our balance sheet profile.

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In evaluating the financial statement line items described above, we evaluate and manage our performance based on key earnings indicators, balance sheet ratios, asset quality metrics and regulatory capital ratios, among others. The table below presents some of the primary performance indicators that we use to analyze our business on a regular basis for periods indicated:

	As of and for the six months ended June 30, 2012	As of and for the three months ended June 30, 2012	As of and for the three months ended March 31, 2012	As of and for the twelve months ended December 31, 2011
<b>Key Ratios (1)</b>				
Return on average assets	0.14%	0.18%	0.11%	0.81%
Return on average tangible assets	0.20%	0.25%	0.16%	0.88%
Adjusted return on average assets (3)	0.24%	0.27%	0.20%	0.32%
Return on average equity	0.80%	0.99%	0.60%	4.01%
Return on average tangible common equity	1.30%	1.42%	0.99%	4.63%
Adjusted return on average equity (3)	1.30%	1.45%	1.13%	1.57%
Return on risk weighted assets	0.44%	0.55%	0.32%	2.21%
Pre-provision pre-tax net revenue to risk weighted assets (2)				