GRUPO TELEVISA, S.A.B.
Form 6-K
February 29, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER PURSUANT TO RULES 13a-16 or 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of February, 2016

GRUPO TELEVISA, S.A.B.

(Translation of registrant's name into English)

Av. Vasco de Quiroga No. 2000, Colonia Santa Fe 01210 Mexico, D.F.
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.)

Form 20-F x Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).)

Yes No x

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7).)

Yes No x

MEXICAN STOCK EXCHANGE
STOCK EXCHANGE CODE: TLEVISA QUARTER: 04 YEAR: 2015
GRUPO TELEVISA, S.A.B.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND DECEMBER 31, 2014
(THOUSANDS OF MEXICAN PESOS)

	CONSOLIDATED
	Final Printing

REF	ACCOUNT / SUBACCOUNT	CURRENT YEAR	END OF PREVIOUS YEAR
		AMOUNT	AMOUNT
10000000	TOTAL ASSETS	281,473,754	235,551,941
11000000	CURRENT ASSETS	89,938,076	79,802,176
11010000	CASH AND CASH EQUIVALENTS	49,397,126	29,729,350
11020000	SHORT-TERM INVESTMENTS	5,330,448	4,788,585
11020010	FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	0	0
11020020	FINANCIAL INSTRUMENTS FOR NEGOTIATION	0	0
11020030	FINANCIAL INSTRUMENTS HELD TO MATURITY	5,330,448	4,788,585
11030000	CUSTOMER (NET)	21,702,128	21,087,163
11030010	CUSTOMER	25,381,633	24,115,607
11030020	ALLOWANCE FOR DOUBTFUL ACCOUNTS	-3,679,505	-3,028,444
11040000	OTHER ACCOUNTS RECEIVABLE (NET)	4,394,456	3,627,944
11040010	OTHER ACCOUNTS RECEIVABLE	4,640,463	3,807,705
11040020	ALLOWANCE FOR DOUBTFUL ACCOUNTS	-246,007	-179,761
11050000	INVENTORIES	1,628,276	3,336,667
11051000	BIOLOGICAL ASSETS CURRENT	0	0
11060000	OTHER CURRENT ASSETS	7,485,642	17,232,467
11060010	ADVANCE PAYMENTS	1,448,627	1,403,526
11060020	DERIVATIVE FINANCIAL INSTRUMENTS	0	2,894
11060030	ASSETS AVAILABLE FOR SALE	0	10,583,852
11060050	RIGHTS AND LICENSING	0	0
11060060	OTHER	6,037,015	5,242,195
12000000	NON-CURRENT ASSETS	191,535,678	155,749,765
12010000	ACCOUNTS RECEIVABLE (NET)	0	8,000
12020000	INVESTMENTS	50,353,375	39,742,319
12020010	INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	9,271,901	5,032,447
12020020	HELD-TO-MATURITY DEBT SECURITIES	134,034	461,047
12020030	OTHER AVAILABLE- FOR- SALE INVESTMENTS	40,915,820	34,217,140
12020040	OTHER	31,620	31,685
12030000	PROPERTY, PLANT AND EQUIPMENT (NET)	76,089,277	62,009,508
12030010	BUILDINGS	15,793,905	15,073,870
12030020	MACHINERY AND INDUSTRIAL EQUIPMENT	108,023,203	87,791,190
12030030	OTHER EQUIPMENT	10,240,540	8,924,050
12030040	ACCUMULATED DEPRECIATION	-67,907,362	-57,539,568
12030050	CONSTRUCTION IN PROGRESS	9,938,991	7,759,966
12040000	INVESTMENT PROPERTIES	0	0

12050000	NON-CURRENT BIOLOGICAL ASSETS	0	0
12060000	INTANGIBLE ASSETS (NET)	38,106,325	28,778,414
12060010	GOODWILL	14,112,626	9,322,773
12060020	TRADEMARKS	2,522,959	2,501,227
12060030	RIGHTS AND LICENSING	1,877,769	1,998,695
12060031	CONCESSIONS	15,719,572	11,345,717
12060040	OTHER	3,873,399	3,610,002
12070000	DEFERRED TAX ASSETS	17,665,086	16,080,292
12080000	OTHER NON-CURRENT ASSETS	9,321,615	9,131,232
12080001	ADVANCE PAYMENTS	0	0
12080010	DERIVATIVE FINANCIAL INSTRUMENTS	0	0
12080020	EMPLOYEE BENEFITS	0	0
12080021	ASSETS AVAILABLE FOR SALE	0	0
12080040	DEFERRED ASSETS (NET)	0	0
12080050	OTHER	9,321,615	9,131,232
20000000	TOTAL LIABILITIES	181,951,977	147,636,860
21000000	CURRENT LIABILITIES	48,978,050	44,370,122
21010000	BANK LOANS	2,979,847	337,148
21020000	STOCK MARKET LOANS	0	0
21030000	OTHER INTEREST BEARING LIABILITIES	511,556	502,166
21040000	SUPPLIERS	17,361,484	17,142,044
21050000	TAXES PAYABLE	2,878,836	2,497,697
21050010	INCOME TAXES PAYABLE	1,632,795	1,389,321
21050020	OTHER TAXES PAYABLE	1,246,041	1,108,376
21060000	OTHER CURRENT LIABILITIES	25,246,327	23,891,067
21060010	INTEREST PAYABLE	1,184,221	974,904
21060020	DERIVATIVE FINANCIAL INSTRUMENTS	1,402	0
21060030	DEFERRED INCOME	20,470,380	20,150,744
21060050	EMPLOYEE BENEFITS	1,034,446	1,005,255
21060060	PROVISIONS	570,772	245,962
21060061	LIABILITIES RELATED TO CURRENT AVAILABLE FOR SALE ASSETS	0	0
21060080	OTHER	1,985,106	1,514,202
22000000	NON-CURRENT LIABILITIES	132,973,927	103,266,738
22010000	BANK LOANS	4,501,843	10,633,627
22020000	STOCK MARKET LOANS	102,928,921	70,026,876
22030000	OTHER INTEREST BEARING LIABILITIES	5,293,559	4,807,379
22040000	DEFERRED TAX LIABILITIES	10,000,048	7,763,024
22050000	OTHER NON-CURRENT LIABILITIES	10,249,556	10,035,832
22050010	DERIVATIVE FINANCIAL INSTRUMENTS	225,660	335,102
22050020	DEFERRED INCOME	514,531	284,000
22050040	EMPLOYEE BENEFITS	407,179	287,159
22050050	PROVISIONS	52,884	54,462
22050051	LIABILITIES RELATED TO NON-CURRENT AVAILABLE FOR SALE ASSETS	0	0
22050070	OTHER	9,049,302	9,075,109
30000000	STOCKHOLDERS' EQUITY	99,521,777	87,915,081
30010000	CONTROLLING INTEREST	87,382,935	76,804,977
30030000	SOCIAL CAPITAL	4,978,126	4,978,126
30040000	SHARES REPURCHASED	-11,882,248	-12,647,475
30050000	PREMIUM ON ISSUANCE OF SHARES	15,889,819	15,889,819

30060000	CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0	0
30070000	OTHER CAPITAL CONTRIBUTED	0	0
30080000	RETAINED EARNINGS (ACCUMULATED LOSSES)	73,139,684	62,905,444
30080010	LEGAL RESERVE	2,139,007	2,139,007
30080020	OTHER RESERVES	0	0
30080030	RETAINED EARNINGS	63,148,332	58,845,619
30080040	NET INCOME FOR THE YEAR	10,899,135	5,386,905
30080050	OTHER	-3,046,790	-3,466,087
30090000	OTHER ACCUMULATED COMPREHENSIVE RESULTS (NET OF TAX)	5,257,554	5,679,063
30090010	EARNINGS PER PROPERTY REASSESSMENT	0	0
30090020	ACTUARIAL EARNINGS (LOSS) FOR LABOR OBLIGATIONS	-126,845	35,422
30090030	RESULT FOR FOREIGN CURRENCY CONVERSION	972,154	348,429
30090040	CHANGES IN THE VALUATION OF AVAILABLE FOR SALE FINANCIAL ASSETS	1,942,053	1,998,313
30090050	CHANGES IN THE VALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS	-153,264	-171,351
30090060	CHANGES IN FAIR VALUE OF OTHER ASSETS	2,312,227	3,176,726
30090070	PARTICIPATION IN OTHER COMPREHENSIVE INCOME OF ASSOCIATES AND JOINT VENTURES	311,229	291,524
30090080	OTHER COMPREHENSIVE RESULT	0	0
30020000	NON-CONTROLLING INTEREST	12,138,842	11,110,104

DATA INFORMATION
AS OF DECEMBER 31, 2015 AND DECEMBER 31, 2014
(THOUSANDS OF MEXICAN PESOS)

CONSOLIDATED
Final Printing

REF	CONCEPTS	CURRENT YEAR AMOUNT	END OF PREVIOUS YEAR AMOUNT
91000010	FOREIGN CURRENCY LIABILITIES SHORT-TERM	7,121,880	8,809,573
91000020	FOREIGN CURRENCY LIABILITIES LONG-TERM	77,625,963	49,578,152
91000030	CAPITAL STOCK NOMINAL	2,494,410	2,494,410
91000040	RESTATEMENT OF CAPITAL STOCK	2,483,716	2,483,716
91000050	PENSIONS AND SENIORITY PREMIUMS	6,116,095	2,107,375
91000060	NUMBER OF EXECUTIVES (*)	77	70
91000070	NUMBER OF EMPLOYEES (*)	43,887	39,545
91000080	NUMBER OF WORKERS (*)	0	0
91000090	NUMBER OF OUTSTANDING SHARES (*)	338,468,382,759	338,056,218,201
91000100	NUMBER OF REPURCHASED SHARES (*)	23,961,504,372	24,373,668,930
91000110	RESTRICTED CASH (1)	0	0
91000120	DEBT OF NON-CONSOLIDATED COMPANIES GUARANTEED	0	0

(1) THIS CONCEPT MUST BE COMPLETED WHEN GUARANTEES HAVE BEEN PROVIDED AFFECTING CASH AND CASH EQUIVALENTS
(*) DATA IN UNITS

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE TWELVE AND THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014
(THOUSANDS OF MEXICAN PESOS)

CONSOLIDATED
Final Printing

REF	ACCOUNT / SUBACCOUNT	CURRENT YEAR		PREVIOUS YEAR	
		CUMULATIVE	QUARTER	CUMULATIVE	QUARTER
40010000	NET INCOME	88,051,829	24,951,128	80,118,352	24,020,205
40010010	SERVICES	67,452,100	19,444,320	61,764,168	19,152,459
40010020	SALE OF GOODS	2,415,371	706,514	2,204,680	604,251
40010030	INTEREST	0	0	0	0
40010040	ROYALTIES	7,097,435	1,942,197	6,058,932	1,631,619
40010050	DIVIDENDS	0	0	0	0
40010060	LEASE	11,086,923	2,858,097	10,090,572	2,631,876
40010061	CONSTRUCTION	0	0	0	0
40010070	OTHER	0	0	0	0
40020000	COST OF SALES	47,226,544	13,329,830	42,908,647	12,663,069
40021000	GROSS PROFIT (LOSS)	40,825,285	11,621,298	37,209,705	11,357,136
40030000	GENERAL EXPENSES	21,751,683	6,155,597	17,971,608	5,288,565
40040000	INCOME (LOSS) BEFORE OTHER INCOME AND EXPENSES, NET	19,073,602	5,465,701	19,238,097	6,068,571
40050000	OTHER INCOME AND (EXPENSE), NET	-328,477	-363,435	-5,281,690	-521,852
40060000	OPERATING INCOME (LOSS)	18,745,125	5,102,266	13,956,407	5,546,719
40070000	FINANCE INCOME	8,542,542	261,867	2,613,705	983,005
40070010	INTEREST INCOME	1,027,758	261,567	1,327,691	435,747
40070020	FOREIGN EXCHANGE GAIN, NET	0	0	0	0
40070030	DERIVATIVES GAIN, NET	116,464	0	515,073	547,258
40070040	EARNINGS FROM CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS	5,262,577	300	770,941	0
40070050	OTHER	2,135,743	0	0	0
40080000	FINANCE EXPENSE	8,665,398	2,208,849	6,942,630	2,519,746
40080010	INTEREST EXPENSE	6,239,387	1,673,878	5,551,461	1,494,565
40080020	FOREIGN EXCHANGE LOSS, NET	2,426,011	458,381	1,391,169	1,025,181
40080030	DERIVATIVES LOSS, NET	0	76,590	0	0
40080050	LOSS FROM CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS	0	0	0	0
40080060	OTHER	0	0	0	0
40090000	FINANCE INCOME (EXPENSE) NET	-122,856	-1,946,982	-4,328,925	-1,536,741
40100000	PARTICIPATION IN THE RESULTS OF ASSOCIATES AND JOINT VENTURES	35,399	303,636	13,173	-34,366
40110000	INCOME (LOSS) BEFORE INCOME TAXES	18,657,668	3,458,920	9,640,655	3,975,612
40120000	INCOME TAXES	6,332,218	1,471,752	2,980,883	1,313,995
40120010	INCOME TAX, CURRENT	7,380,430	1,600,370	5,043,053	1,928,123
40120020	INCOME TAX, DEFERRED	-1,048,212	-128,618	-2,062,170	-614,128
40130000	INCOME (LOSS) FROM CONTINUING OPERATIONS	12,325,450	1,987,168	6,659,772	2,661,617

40140000	INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET	0	0	0	0
40150000	NET INCOME (LOSS)	12,325,450	1,987,168	6,659,772	2,661,617
40160000	NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTEREST	1,426,315	415,963	1,272,867	157,363
40170000	NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	10,899,135	1,571,205	5,386,905	2,504,254
40180000	NET INCOME (LOSS) PER BASIC SHARE	3.77	0.54	1.87	0.87
40190000	NET INCOME (LOSS) PER DILUTED SHARE	3.52	0.51	1.74	0.81

STATEMENTS OF COMPREHENSIVE INCOME
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAXES)
FOR THE TWELVE AND THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014
(THOUSANDS OF MEXICAN PESOS)

CONSOLIDATED
Final Printing

REF	ACCOUNT / SUBACCOUNT	CURRENT YEAR		PREVIOUS YEAR	
		CUMULATIVE	QUARTER	CUMULATIVE	QUARTER
40200000	NET INCOME (LOSS)	12,325,450	1,987,168	6,659,772	2,661,617
	ITEMS NOT TO BE RECLASSIFIED INTO RESULTS				
40210000	EARNINGS PER PROPERTY REASSESSMENT	0	0	0	0
40220000	ACTUARIAL EARNINGS (LOSS) FOR LABOR OBLIGATIONS	-166,044	-166,044	-27,811	-27,811
40220100	PARTICIPATION IN RESULTS FOR REVALUATION OF PROPERTIES OF ASSOCIATES AND JOINT VENTURES	0	0	0	0
	ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED INTO RESULTS				
40230000	RESULT FOR FOREIGN CURRENCY CONVERSION	705,474	171,358	340,906	339,870
40240000	CHANGES IN THE VALUATION OF AVAILABLE FOR SALE FINANCIAL ASSETS	-56,260	-588	835,191	-258,997
40250000	CHANGES IN THE VALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS	18,087	20,590	-30,407	-9,855
40260000	CHANGES IN FAIR VALUE OF OTHER ASSETS	-864,499	2,241,151	1,178,760	482,220
40270000	PARTICIPATION IN OTHER COMPREHENSIVE INCOME OF ASSOCIATES AND JOINT VENTURES	19,705	17,313	25,664	20,660
40280000	OTHER COMPREHENSIVE INCOME	0	0	0	0
40290000	TOTAL OTHER COMPREHENSIVE INCOME	-343,537	2,283,780	2,322,303	546,087
40300000	COMPREHENSIVE INCOME (LOSS)	11,981,913	4,270,948	8,982,075	3,207,704
40320000	COMPREHENSIVE (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTEREST	1,504,287	424,565	1,310,158	205,500
40310000	COMPREHENSIVE (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	10,477,626	3,846,383	7,671,917	3,002,204

STATEMENTS OF COMPREHENSIVE INCOME
DATA INFORMATION
FOR THE TWELVE AND THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014
(THOUSANDS OF MEXICAN PESOS)

CONSOLIDATED
Final Printing

REF	ACCOUNT / SUBACCOUNT	CURRENT YEAR		PREVIOUS YEAR	
		CUMULATIVE	QUARTER	CUMULATIVE	QUARTER
92000010	OPERATING DEPRECIATION AND AMORTIZATION	14,660,929	3,921,106	11,563,085	3,381,788

STATEMENTS OF COMPREHENSIVE INCOME
DATA INFORMATION (TWELVE MONTHS)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015 AND 2014
(THOUSANDS OF MEXICAN PESOS)

CONSOLIDATED
Final Printing

REF	ACCOUNT / SUBACCOUNT	YEAR	
		CURRENT	PREVIOUS
92000030	NET INCOME (**)	88,051,829	80,118,352
92000040	OPERATING INCOME (LOSS) (**)	18,745,125	13,956,407
92000060	NET INCOME (LOSS) (**)	12,325,450	6,659,772
92000050	CONTROLLING INTEREST NET INCOME (LOSS) (**)	10,899,135	5,386,905
92000070	OPERATING DEPRECIATION AND AMORTIZATION (**)	14,660,929	11,563,085

(**) INFORMATION FOR THE LAST TWELVE MONTHS

STATEMENTS OF CASH FLOWS (INDIRECT METHOD)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015 AND 2014
(THOUSANDS OF MEXICAN PESOS)

CONSOLIDATED
Final Printing

REF	ACCOUNT / SUBACCOUNT	CURRENT YEAR AMOUNT	PREVIOUS YEAR AMOUNT
OPERATING ACTIVITIES			
50010000	INCOME (LOSS) BEFORE INCOME TAXES	18,657,668	9,640,655
50020000	+ (-) ITEMS NOT REQUIRING CASH	1,683,275	1,198,465
50020010	+ ESTIMATES FOR THE PERIOD	1,644,904	1,040,954
50020020	+ PROVISIONS FOR THE PERIOD	0	0
50020030	+ (-) OTHER UNREALIZED ITEMS	38,371	157,511
50030000	+ (-) ITEMS RELATED TO INVESTING ACTIVITIES	8,440,647	13,108,401
50030010	+ DEPRECIATION AND AMORTIZATION FOR THE PERIOD	14,660,929	11,563,085
50030020	(-) + GAIN OR LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT	688,706	715,786
50030030	+ (-) LOSS (REVERSION) IMPAIRMENT	131,065	253,279
50030040	(-) + EQUITY IN RESULTS OF AFFILIATES AND JOINT VENTURES	(35,399)	(13,173)
50030050	(-) DIVIDENDS RECEIVED	0	0
50030060	(-) INTEREST INCOME	(678,912)	(417,777)
50030070	(-) FOREIGN EXCHANGE FLUCTUATION	(4,359,325)	(3,374,483)
50030080	(-) + OTHER ITEMS	(1,966,417)	4,381,684
50040000	+ (-) ITEMS RELATED TO FINANCING ACTIVITIES	10,811,445	10,618,223
50040010	(+) ACCRUED INTEREST	6,239,387	5,551,461
50040020	(+) FOREIGN EXCHANGE FLUCTUATION	8,392,196	5,507,988
50040030	(+) FINANCIAL OPERATIONS OF DERIVATIVES	(5,319,803)	(1,286,014)
50040040	+ (-) OTHER ITEMS	1,499,665	844,788
50050000	CASH FLOW BEFORE INCOME TAX	39,593,035	34,565,744
50060000	CASH FLOWS PROVIDED OR USED IN OPERATION	(8,307,459)	(6,102,805)
50060010	+ (-) DECREASE (INCREASE) IN CUSTOMERS	(2,120,569)	(1,213,774)
50060020	+ (-) DECREASE (INCREASE) IN INVENTORIES	1,169,751	(1,244,721)
50060030	+ (-) DECREASE (INCREASE) IN OTHER ACCOUNTS RECEIVABLES AND OTHER ASSETS	(349,801)	(224,752)
50060040	+ (-) INCREASE (DECREASE) IN SUPPLIERS	63,873	4,795,769
50060050	+ (-) INCREASE (DECREASE) IN OTHER LIABILITIES	752,946	(4,097,970)
50060060	+ (-) INCOME TAXES PAID OR RETURNED	(7,823,659)	(4,117,357)
50070000	NET CASH FLOWS FROM OPERATING ACTIVITIES	31,285,576	28,462,939
INVESTING ACTIVITIES			
50080000	NET CASH FLOWS FROM INVESTING ACTIVITIES	(23,781,560)	(22,739,509)
50080010	(-) PERMANENT INVESTMENTS IN SHARES	(450,460)	0
50080020	+ DISPOSITION OF PERMANENT INVESTMENT IN SHARES	76,335	0
50080030	(-) INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT	(25,524,145)	(17,004,358)
50080040	+ SALE OF PROPERTY, PLANT AND EQUIPMENT	107,215	480,601
50080050	(-) TEMPORARY INVESTMENTS	(89,552)	(447,117)
50080060	+ DISPOSITION OF TEMPORARY INVESTMENTS	378,499	513,134
50080070	(-) INVESTMENT IN INTANGIBLE ASSETS	(1,095,464)	(794,476)

50080080	+ DISPOSITION OF INTANGIBLE ASSETS	0	0
50080090	(-) BUSINESS ACQUISITIONS	0	0
50080100	+ BUSINESS DISPOSITIONS	10,335,813	0
50080110	+ DIVIDEND RECEIVED	0	0
50080120	+ INTEREST RECEIVED	0	0
50080130	+ (-) DECREASE (INCREASE) IN ADVANCES AND LOANS TO THIRD PARTIES	0	0
50080140	+ (-) OTHER ITEMS	(7,519,801)	(5,487,293)
FINANCING ACTIVITIES			
50090000	NET CASH FLOWS FROM FINANCING ACTIVITIES	12,032,925	7,230,849
50090010	+ BANK FINANCING	2,487,936	2,078,433
50090020	+ STOCK MARKET FINANCING	24,609,131	18,388,714
50090030	+ OTHER FINANCING	0	0
50090040	(-) BANK FINANCING AMORTIZATION	(6,788,941)	(6,836,043)
50090050	(-) STOCK MARKET FINANCING AMORTIZATION	0	0
50090060	(-) OTHER FINANCING AMORTIZATION	(405,151)	(446,944)
50090070	+ (-) INCREASE (DECREASE) IN CAPITAL STOCK	0	0
50090080	(-) DIVIDENDS PAID	(1,084,192)	0
50090090	+ PREMIUM ON ISSUANCE OF SHARES	0	0
50090100	+ CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0	0
50090110	(-) INTEREST EXPENSE	(5,938,679)	(5,200,696)
50090120	(-) REPURCHASE OF SHARES	(733,831)	(1,064,602)
50090130	+ (-) OTHER ITEMS	(113,348)	311,987
50100000	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	19,536,941	12,954,279
50110000	CHANGES IN THE VALUE OF CASH AND CASH EQUIVALENTS	130,835	83,038
50120000	CASH AND CASH EQUIVALENTS AT BEGINING OF PERIOD	29,729,350	16,692,033
50130000	CASH AND CASH EQUIVALENTS AT END OF PERIOD	49,397,126	29,729,350

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(THOUSANDS OF MEXICAN PESOS)

CONSOLIDATED
Final Printing

						RETAINED EAR ACCUMULATED	
CONCEPTS	CAPITAL STOCK	SHARES REPURCHASED	ADDITIONAL PAID-IN CAPITAL	CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	OTHER CAPITAL CONTRIBUTED	RESERVES	RETA EARN (ACC LOSS
BALANCE AT JANUARY 1, 2014	4,978,126	-12,848,448	15,889,819	0	0	2,139,007	54,75
RETROSPECTIVE ADJUSTMENT	0	0	0	0	0	0	0

APPLICATION OF OTHER COMPREHENSIVE INCOME TO RETAINED EARNINGS	0	0	0	0	0	0	0
ESTABLISHMENT OF RESERVES	0	0	0	0	0	0	0
DIVIDENDS DECLARED	0	0	0	0	0	0	0
(DECREASE) INCREASE OF CAPITAL	0	0	0	0	0	0	0
REPURCHASE OF SHARES	0	-1,064,602	0	0	0	0	0
(DECREASE) INCREASE IN ADDITIONAL PAID-IN CAPITAL	0	0	0	0	0	0	0
(DECREASE) INCREASE IN NON-CONTROLLING INTEREST	0	0	0	0	0	0	0
OTHER	0	1,265,575	0	0	0	0	620,6
COMPREHENSIVE INCOME	0	0	0	0	0	0	5,386
BALANCE AT DECEMBER 31, 2014	4,978,126	-12,647,475	15,889,819	0	0	2,139,007	60,76
BALANCE AT JANUARY 1, 2015	4,978,126	-12,647,475	15,889,819	0	0	2,139,007	60,76
RETROSPECTIVE ADJUSTMENT	0	0	0	0	0	0	0
APPLICATION OF OTHER COMPREHENSIVE INCOME TO RETAINED EARNINGS	0	0	0	0	0	0	0

ESTABLISHMENT OF RESERVES	0	0	0	0	0	0	0
DIVIDENDS DECLARED	0	0	0	0	0	0	-1,084
(DECREASE) INCREASE OF CAPITAL	0	0	0	0	0	0	0
REPURCHASE OF SHARES	0	-733,831	0	0	0	0	0
(DECREASE) INCREASE IN ADDITIONAL PAID-IN CAPITAL	0	0	0	0	0	0	0
(DECREASE) INCREASE IN NON-CONTROLLING INTEREST	0	0	0	0	0	0	0
OTHER	0	1,499,058	0	0	0	0	419,2
COMPREHENSIVE INCOME	0	0	0	0	0	0	10,89
BALANCE AT DECEMBER 31, 2015	4,978,126	-11,882,248	15,889,819	0	0	2,139,007	71,00

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: TLEVISA QUARTER: 04 YEAR: 2015

GRUPO TELEVISA, S.A.B.

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

CONSOLIDATED
Final Printing

MEXICO CITY, D.F., FEBRUARY 25, 2016—GRUPO TELEVISA, S.A.B. (NYSE:TV; BMV: TLEVISA CPO; "TELEVISA" OR "THE COMPANY"), TODAY ANNOUNCED RESULTS FOR FULL YEAR AND FOURTH QUARTER 2015. THE RESULTS HAVE BEEN PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS").

THE FOLLOWING INFORMATION SETS FORTH CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014, IN MILLIONS OF MEXICAN PESOS, AS WELL AS THE PERCENTAGE THAT EACH LINE REPRESENTS OF NET SALES AND THE PERCENTAGE CHANGE WHEN COMPARING 2015 WITH 2014:

NET SALES

NET SALES INCREASED BY 9.9% TO PS.88,051.8 MILLION IN 2015 COMPARED WITH PS.80,118.4 MILLION IN 2014. THIS INCREASE WAS ATTRIBUTABLE TO STRONG GROWTH IN OUR SKY AND TELECOMMUNICATIONS SEGMENTS. OPERATING SEGMENT INCOME INCREASED 10.6%, REACHING PS.35,695.3 MILLION WITH A MARGIN OF 39.6% IN 2015 COMPARED WITH PS.32,279.7 MILLION WITH A MARGIN OF 39.6% IN 2014.

NET INCOME ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY

NET INCOME ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY AMOUNTED TO PS.10,899.1 MILLION FOR THE YEAR ENDED DECEMBER 31, 2015, COMPARED WITH A NET INCOME OF PS.5,386.9 MILLION FOR THE YEAR ENDED DECEMBER 31, 2014. THE NET INCREASE OF PS.5,512.2 MILLION REFLECTED (I) A PS.4,953.2 MILLION DECREASE IN OTHER EXPENSE, NET; AND (II) A PS.4,206.0 MILLION DECREASE IN FINANCE EXPENSE, NET. THESE FAVORABLE VARIANCES WERE PRIMARILY OFFSET BY A PS.3,351.3 MILLION INCREASE IN INCOME TAXES.

FULL YEAR RESULTS AND FOURTH QUARTER RESULTS BY BUSINESS SEGMENT

THE FOLLOWING INFORMATION PRESENTS FULL YEAR CONSOLIDATED RESULTS ENDED DECEMBER 31, 2015 AND 2014, AND FOURTH QUARTER CONSOLIDATED RESULTS ENDED DECEMBER 31, 2015 AND 2014 FOR EACH OF OUR BUSINESS SEGMENTS. CONSOLIDATED RESULTS ARE PRESENTED IN MILLIONS OF MEXICAN PESOS:

CONTENT

FOURTH QUARTER SALES DECREASED BY 3.3% TO PS.10,763.4 MILLION COMPARED WITH PS.11,128.9 MILLION IN FOURTH QUARTER 2014.

FULL YEAR SALES DECREASED BY 1.5% TO PS.34,332.6 MILLION COMPARED WITH PS.34,868.1 MILLION IN 2014.

ADVERTISING

ADVERTISING FOURTH QUARTER REVENUE DECREASED BY 11.0% TO PS.7,687.3 MILLION COMPARED WITH PS.8,633.0 MILLION IN FOURTH QUARTER 2014. DURING THE QUARTER WE CONTINUED WITH OUR EFFORTS TO RESTRUCTURE OUR ADVERTISING SALES BUSINESS, WHICH CONSIST MAINLY OF REPRICING OUR ADVERTISING INVENTORY.

ADVERTISING FULL YEAR REVENUE DECREASED BY 9.6% TO PS.23,029.3 MILLION COMPARED WITH PS.25,465.7 MILLION IN 2014 ALSO AS A RESULT OF THE RESTRUCTURING OF OUR ADVERTISING SALES BUSINESS.

NETWORK SUBSCRIPTION REVENUE

FOURTH QUARTER NETWORK SUBSCRIPTION REVENUE INCREASED BY 27.0% TO PS.984.9 MILLION COMPARED TO PS.775.8 MILLION IN FOURTH QUARTER 2014.

FULL YEAR NETWORK SUBSCRIPTION REVENUE INCREASED BY 26.0% TO PS.3,595.4 MILLION COMPARED WITH PS.2,854.4 MILLION IN 2014. THE GROWTH IN THE FOURTH QUARTER AND IN THE FULL YEAR WAS DRIVEN MAINLY BY THE SUSTAINED ADDITION OF PAY-TV SUBSCRIBERS, BOTH IN MEXICO AND LATIN AMERICA AND A POSITIVE TRANSLATION EFFECT ON FOREIGN-CURRENCY DENOMINATED REVENUES. DURING THE YEAR, TELEVISA CONTINUED TO PRODUCE AND TRANSMIT SEVERAL OF THE LEADING PAY-TV NETWORKS IN MEXICO IN KEY CATEGORIES, INCLUDING GENERAL ENTERTAINMENT, MUSIC AND LIFESTYLE, AND MOVIES. TEN OF THE TOP 30 PAY-TV NETWORKS IN MEXICO WERE PRODUCED BY TELEVISA.

LICENSING AND SYNDICATION

FOURTH QUARTER LICENSING AND SYNDICATION REVENUE INCREASED BY 21.6% TO PS.2,091.2 MILLION COMPARED TO PS.1,720.1 MILLION IN FOURTH QUARTER 2014. FOURTH QUARTER ROYALTIES FROM UNIVISION INCREASED BY 4.4% TO US$80.9 MILLION IN THE FOURTH QUARTER 2015 FROM US$77.5 MILLION IN THE FOURTH QUARTER 2014 AND FOR THE FULL YEAR ROYALTIES FROM UNIVISION REACHED US$311.1 MILLION.

THE FULL YEAR INCREASE IN LICENSING AND SYNDICATION REVENUE OF 17.7% TO PS.7,707.9 MILLION COMPARED WITH PS.6,548.0 MILLION IN 2014, IS MAINLY EXPLAINED BY A POSITIVE TRANSLATION EFFECT ON FOREIGN-CURRENCY-DENOMINATED REVENUES.

IN THE AGGREGATE FOR THE FULL YEAR, THE CONTENT SEGMENT RESULTS REFLECT A POSITIVE TRANSLATION EFFECT ON FOREIGN-CURRENCY-DENOMINATED SALES THAT AMOUNTED TO PS.1,369.5 MILLION.

FOURTH QUARTER OPERATING SEGMENT INCOME FOR OUR CONTENT SEGMENT DECREASED BY 11.3% TO PS.4,555.0 MILLION COMPARED WITH PS.5,134.6 MILLION IN FOURTH QUARTER 2014; THE MARGIN WAS 42.3%.

FULL-YEAR OPERATING SEGMENT INCOME FOR OUR CONTENT SEGMENT DECREASED BY 6.2% TO PS.14,564.2 MILLION COMPARED WITH PS.15,534.3 MILLION IN 2014. THE MARGIN WAS 42.4%. THE DECREASE IN THE MARGIN BY 220 BASIS POINTS FROM 2014 IS MAINLY EXPLAINED BY LOWER ADVERTISING REVENUES AS A RESULT OF THE RESTRUCTURING OF THIS BUSINESS.

SKY

FOURTH QUARTER SALES INCREASED BY 11.7% TO PS.5,012.5 MILLION COMPARED WITH PS.4,489.4 MILLION IN FOURTH QUARTER 2014. DURING THE QUARTER, SKY ADDED A TOTAL OF 230,431 SUBSCRIBERS.

FULL YEAR SALES INCREASED BY 10.0% TO PS.19,253.5 MILLION COMPARED WITH PS.17,498.6 MILLION IN 2014. THE ANNUAL INCREASE WAS DRIVEN BY SOLID GROWTH IN THE SUBSCRIBER BASE OF MORE THAN 646 THOUSAND, WHICH IS EXPLAINED BY THE CONTINUED SUCCESS OF SKY'S LOW-COST OFFERING. AS OF DECEMBER 31, 2015, THE NUMBER OF NET ACTIVE SUBSCRIBERS INCREASED TO 7,284,162 (INCLUDING 178,915 COMMERCIAL SUBSCRIBERS), COMPARED WITH 6,638,032 (INCLUDING 174,986 COMMERCIAL SUBSCRIBERS) AS OF DECEMBER 31, 2014. SKY CLOSED THE YEAR WITH 192,024 SUBSCRIBERS IN CENTRAL AMERICA AND THE DOMINICAN REPUBLIC.

FOURTH QUARTER OPERATING SEGMENT INCOME INCREASED BY 8.4% TO PS.2,217.1 MILLION COMPARED WITH PS.2,044.7 MILLION IN FOURTH QUARTER 2014, AND THE MARGIN WAS 44.2%.

FULL YEAR OPERATING SEGMENT INCOME INCREASED BY 9.3% TO PS.8,972.3 MILLION COMPARED WITH PS.8,211.3 MILLION IN 2014, AND THE MARGIN WAS 46.6%, IN LINE WITH THE MARGIN FROM LAST YEAR. THE INCREASE IN REVENUES WAS PARTIALLY COMPENSATED BY HIGHER PROGRAMMING COSTS MAINLY AS A RESULT OF THE DEPRECIATION OF THE MEXICAN PESO, AND BY HIGHER MAINTENANCE AND LEASING COSTS, AS WELL AS HIGHER PROMOTIONAL EXPENSES.

TELECOMMUNICATIONS

FOURTH QUARTER SALES INCREASED BY 21.6% TO PS.7,569.9 MILLION COMPARED WITH PS.6,227.8 MILLION IN FOURTH QUARTER 2014 DRIVEN BY GROWTH IN ALL OF OUR CABLE PLATFORMS AND THE CONSOLIDATION, FOR THE FULL QUARTER, OF PS.559.7 MILLION IN REVENUES FROM TELECABLE. EXCLUDING TELECABLE, FOURTH QUARTER SALES FROM OUR CABLE AND NETWORK OPERATIONS INCREASED BY 12.6%.

FULL YEAR SALES INCREASED BY 36.1% TO PS.28,488.3 MILLION COMPARED WITH PS.20,937.3 MILLION IN 2014. THIS INCREASE PRIMARILY REFLECTED THE CONSOLIDATION OF CABLECOM STARTING ON SEPTEMBER 1ST, 2014 AND OF TELECABLE STARTING ON JANUARY 1ST, 2015. EXCLUDING CABLECOM AND TELECABLE, FULL YEAR SALES EXPERIENCED A GROWTH OF 12.5%.

VOICE AND DATA REVENUE GENERATING UNITS, OR RGUS, GREW BY 54.0% AND 34.0% COMPARED WITH 2014, RESPECTIVELY, AND VIDEO RGUS GREW BY 21.0%. EXCLUDING THE ACQUISITION OF TELECABLE, VOICE AND DATA RGUS, GREW BY 46.6% AND 25.4% COMPARED WITH 2014, RESPECTIVELY, WHILE VIDEO RGUS GREW BY 6.3%.

THE FOLLOWING INFORMATION SETS FORTH THE BREAKDOWN OF RGUS PER SERVICE TYPE FOR OUR TELECOMMUNICATIONS SEGMENT AS OF DECEMBER 31, 2015 AND 2014:

THE RGUS OF VIDEO, BROADBAND AND VOICE AS OF DECEMBER 31, 2015 AMOUNTED TO 4,061,655, 3,066,699 AND 1,891,026 RGUS, RESPECTIVELY, AND A TOTAL OF 9,019,380 RGUS.

THE RGUS OF VIDEO, BROADBAND AND VOICE AS OF DECEMBER 31, 2014 AMOUNTED TO 3,356,732, 2,288,709 AND 1,228,182 RGUS, RESPECTIVELY, AND A TOTAL OF 6,873,623 RGUS.

FOURTH QUARTER OPERATING SEGMENT INCOME INCREASED BY 20.6% TO PS.3,010.1 MILLION COMPARED WITH PS.2,495.9 MILLION IN FOURTH QUARTER 2014, AND THE MARGIN REACHED 39.8%. THESE RESULTS REFLECTED THE CONSOLIDATION OF TELECABLE, WHICH CONTRIBUTED WITH PS.251.0 MILLION TO OPERATING SEGMENT INCOME, AND THE CONTINUED GROWTH OF ALL OF OUR CABLE AND NETWORK OPERATIONS. THIS EFFECT WAS PARTIALLY COMPENSATED BY HIGHER PERSONNEL, MAINTENANCE AND PROGRAMMING EXPENSES. EXCLUDING TELECABLE, FOURTH QUARTER OPERATING SEGMENT INCOME INCREASED BY 10.5%.

FULL YEAR OPERATING SEGMENT INCOME INCREASED BY 44.7% TO PS.11,405.6 MILLION COMPARED WITH PS.7,882.9 MILLION IN 2014, AND THE MARGIN REACHED 40.0%, AN INCREASE OF 230 BASIS POINTS FROM 2014. THESE RESULTS PRIMARILY REFLECTED THE CONSOLIDATION OF CABLECOM STARTING ON SEPTEMBER 1ST, 2014 AND OF TELECABLE STARTING ON JANUARY 1ST, 2015, AND CONTINUED GROWTH IN THE CABLE AND NETWORK PLATFORMS. THESE FAVORABLE VARIANCES WERE PARTIALLY OFFSET BY HIGHER PROGRAMMING COSTS MAINLY AS A RESULT OF THE DEPRECIATION OF THE MEXICAN PESO AND BY HIGHER MAINTENANCE, PERSONNEL AND LEASING COSTS AND EXPENSES. EXCLUDING CABLECOM AND TELECABLE, FULL YEAR OPERATING SEGMENT INCOME INCREASED BY 14.9%.

THE FOLLOWING INFORMATION SET FORTH THE BREAKDOWN OF REVENUES AND OPERATING SEGMENT INCOME, EXCLUDING CONSOLIDATION ADJUSTMENTS, FOR OUR CABLE AND NETWORK OPERATIONS FOR 2015 AND 2014.

OUR CABLE OPERATIONS INCLUDE THE VIDEO, VOICE AND DATA SERVICES PROVIDED BY CABLEVISIÓN, CABLEMÁS, TVI, CABLECOM AND TELECABLE. OUR NETWORK OPERATIONS INCLUDE THE SERVICES OFFERED BY BESTEL AND THE NETWORK OPERATIONS OF CABLECOM:

THE REVENUES FOR 2015 OF CABLE OPERATIONS AND NETWORK OPERATIONS AMOUNTED TO PS.24,279.5 MILLION AND PS.5,072.6 MILLION, RESPECTIVELY.

THE REVENUES FOR 2014 OF CABLE OPERATIONS AND NETWORK OPERATIONS AMOUNTED TO PS.17,497.0 MILLION AND PS.3,987.0 MILLION, RESPECTIVELY.

THE OPERATING SEGMENT INCOME FOR 2015 OF CABLE OPERATIONS AND NETWORK OPERATIONS AMOUNTED TO PS.9,781.9 MILLION AND PS.1,944.4 MILLION, RESPECTIVELY.

THE OPERATING SEGMENT INCOME FOR 2014 OF CABLE OPERATIONS AND NETWORK OPERATIONS AMOUNTED TO PS.6,798.5 MILLION AND PS.1,315.9 MILLION, RESPECTIVELY.

THESE RESULTS DO NOT INCLUDE CONSOLIDATION ADJUSTMENTS OF PS.863.8 MILLION AND PS.546.7 MILLION IN REVENUES IN 2015 AND 2014, RESPECTIVELY, OR PS.320.7 MILLION AND PS.231.5 MILLION IN OPERATING SEGMENT INCOME IN 2015 AND 2014, RESPECTIVELY, WHICH ARE CONSIDERED IN THE CONSOLIDATED RESULTS OF THE TELECOMMUNICATIONS SEGMENT.

OTHER BUSINESSES

FOURTH QUARTER SALES DECREASED BY 9.2% TO PS.2,300.5 MILLION COMPARED WITH PS.2,533.2 MILLION IN FOURTH QUARTER 2014. THE DECREASE IS MAINLY EXPLAINED BY A DROP IN REVENUES FROM OUR FEATURE-FILM DISTRIBUTION AND PUBLISHING BUSINESSES, WHICH WAS PARTIALLY COMPENSATED BY AN INCREASE IN THE REVENUES OF OUR RADIO BUSINESS.

FULL YEAR SALES DECREASED BY 1.0% TO PS.8,124.3 MILLION COMPARED WITH PS.8,204.0 MILLION IN 2014. BUSINESSES THAT PERFORMED WELL INCLUDE GAMING AND RADIO. THE GAMING BUSINESS BENEFITED FROM HIGHER REVENUES FROM OUR ELECTRONIC GAMING MACHINES, WHILE THE RADIO BUSINESS SAW AN INCREASE IN ADVERTISING REVENUES.

FOURTH QUARTER OPERATING SEGMENT INCOME REACHED PS.144.5 MILLION COMPARED WITH PS.197.0 MILLION IN FOURTH QUARTER 2014.

FULL YEAR OPERATING SEGMENT INCOME INCREASED BY 15.7% TO PS.753.2 MILLION COMPARED WITH PS.651.2 MILLION IN 2014, REFLECTING I) AN INCREASE IN THE OPERATING SEGMENT INCOME OF GAMING AND RADIO; II) A DECREASE IN THE OPERATING SEGMENT INCOME OF OUR SOCCER AND FEATURE-FILM DISTRIBUTION BUSINESSES; AND III) A CHANGE FROM OPERATING SEGMENT INCOME TO OPERATING SEGMENT LOSS IN OUR PUBLISHING BUSINESS.

INTERSEGMENT OPERATIONS

INTERSEGMENT OPERATIONS FOR 2015 AND 2014 AMOUNTED TO PS.2,146.9 MILLION AND PS.1,389.6 MILLION, RESPECTIVELY.

INTERSEGMENT OPERATIONS FOR THE FOURTH QUARTER 2015 AND 2014 AMOUNTED TO PS.695.2 MILLION AND PS.359.1 MILLION, RESPECTIVELY.

CORPORATE EXPENSE

CORPORATE EXPENSE INCREASED BY PS.482.3 MILLION, OR 32.6%, TO PS.1,960.8 MILLION IN 2015, FROM PS.1,478.5 MILLION IN 2014. THE INCREASE REFLECTED PRIMARILY A HIGHER SHARE-BASED COMPENSATION EXPENSE.

SHARE-BASED COMPENSATION EXPENSE IN 2015 AND 2014 AMOUNTED TO PS.1,199.5 MILLION AND PS.844.8 MILLION, RESPECTIVELY, AND WAS ACCOUNTED FOR AS CORPORATE EXPENSE. SHARE-BASED COMPENSATION EXPENSE IS MEASURED AT FAIR VALUE AT THE TIME THE EQUITY BENEFITS ARE CONDITIONALLY SOLD TO OFFICERS AND EMPLOYEES, AND IS RECOGNIZED OVER THE VESTING PERIOD. THE INCREASE OF PS.354.7 MILLION REFLECTED PRIMARILY A HIGHER NUMBER OF OUR CPOS CONDITIONALLY SOLD TO OFFICERS AND EMPLOYEES IN OUR TELECOMMUNICATIONS SEGMENT.

OTHER EXPENSE, NET

OTHER EXPENSE, NET, DECREASED BY PS.4,953.2 MILLION TO PS.328.5 MILLION IN 2015, FROM PS.5,281.7 MILLION IN 2014. THIS DECREASE REFLECTED PRIMARILY THE ABSENCE OF A ONE-TIME NON-CASH LOSS OF PS.4,168.5 MILLION ON DISPOSITION OF OUR FORMER 50% JOINT VENTURE IN THE IUSACELL TELECOM BUSINESS IN THE THIRD QUARTER OF 2014, AS WELL AS A NON-RECURRING CASH INCOME OF US$67.6 MILLION (PS.1,038.3 MILLION) AS A RESULT OF THE EARLY TERMINATION OF A TECHNICAL ASSISTANCE AGREEMENT WITH UNIVISION IN THE FIRST QUARTER OF 2015. THESE FAVORABLE EFFECTS WERE PARTIALLY OFFSET BY A HIGHER EXPENSE RELATED TO FINANCIAL ADVISORY AND PROFESSIONAL SERVICES, A NON-RECURRENT

SEVERANCE EXPENSE IN CONNECTION WITH DISMISSALS OF PERSONNEL IN OUR CONTENT, TELECOMMUNICATIONS AND OTHER BUSINESSES SEGMENTS, AND A HIGHER LOSS ON DISPOSITION OF PROPERTY AND EQUIPMENT.

NON-OPERATING RESULTS

FINANCE EXPENSE, NET

THE FOLLOWING INFORMATION SETS FORTH THE FINANCE EXPENSE OR INCOME, NET, STATED IN MILLIONS OF MEXICAN PESOS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014:

FINANCE EXPENSE, NET, DECREASED BY PS.4,206.0 MILLION TO PS.122.9 MILLION IN 2015 FROM PS.4,328.9 MILLION IN 2014. THIS DECREASE REFLECTED A PS.6,228.6 MILLION INCREASE IN OTHER FINANCE INCOME, NET, TO PS.7,514.7 MILLION IN 2015 COMPARED WITH PS.1,286.1 MILLION IN 2014, RESULTING PRIMARILY FROM (I) OUR EXCHANGE IN JULY 2015 OF CONVERTIBLE DEBENTURES ISSUED BY UNIVISION HOLDINGS, INC. OR “UHI” (FORMERLY, BROADCASTING MEDIA PARTNERS, INC.), THE CONTROLLING COMPANY OF UNIVISION, FOR WARRANTS THAT ARE EXERCISABLE FOR UHI’S COMMON STOCK, WHICH INCLUDED, AS A CONSIDERATION FOR SUCH EXCHANGE, A CASH AMOUNT OF US$135.1 MILLION (PS.2,195 MILLION) RECEIVED FROM UHI; AND (II) A PS.4,718.2 MILLION RECLASSIFICATION FROM ACCUMULATED OTHER COMPREHENSIVE INCOME IN CONSOLIDATED EQUITY IN CONNECTION WITH A CUMULATIVE GAIN RELATED TO CHANGES IN FAIR VALUE OF SUCH CONVERTIBLE DEBENTURES, WHICH EFFECT WAS PARTIALLY OFFSET BY THE ABSENCE OF A FAVORABLE CHANGE IN FAIR VALUE IN 2014 RESULTING OF AN EMBEDDED DERIVATIVE RELATED TO OUR FORMER OPTION OF CONVERTING SUCH DEBENTURES INTO AN EQUITY STAKE OF UHI. THIS FAVORABLE VARIANCE IN OTHER FINANCE INCOME NET, WAS PARTIALLY OFFSET BY (I) A PS.687.9 MILLION INCREASE IN INTEREST EXPENSE TO PS.6,239.4 MILLION IN 2015 COMPARED WITH PS.5,551.5 MILLION IN 2014, DUE PRIMARILY TO A HIGHER AVERAGE PRINCIPAL AMOUNT OF DEBT AND FINANCE LEASE OBLIGATIONS IN 2015; (II) A PS.299.9 MILLION DECREASE IN INTEREST INCOME TO PS.1,027.8 MILLION IN 2015 COMPARED WITH PS.1,327.7 MILLION IN 2014, EXPLAINED PRIMARILY BY THE ABSENCE OF INTEREST INCOME FROM OUR FORMER INVESTMENTS IN CONVERTIBLE DEBENTURES ISSUED BY UHI AS THESE SECURITIES WERE EXCHANGED IN JULY 2015 FOR WARRANTS THAT ARE EXERCISABLE FOR UHI’S COMMON STOCK, AND CONVERTIBLE DEBT INSTRUMENTS ISSUED BY TENEDORA ARES, S.A.P.I. DE C.V. AS THESE SECURITIES WERE CONVERTED IN AUGUST 2014 IN CONNECTION WITH THE ACQUISITION OF CABLECOM, AS WELL AS A REDUCTION IN APPLICABLE INTEREST RATES ON CASH EQUIVALENTS AND TEMPORARY INVESTMENTS; AND (III) A PS.1,034.8 MILLION INCREASE IN FOREIGN EXCHANGE LOSS TO PS.2,426.0 MILLION IN 2015 COMPARED WITH PS.1,391.2 MILLION IN 2014, RESULTING PRIMARILY FROM THE EFFECT OF A 16.6% DEPRECIATION OF THE MEXICAN PESO AGAINST THE U.S. DOLLAR ON OUR AVERAGE NET UNHEDGED U.S. DOLLAR LIABILITY POSITION IN 2015 COMPARED WITH A 12.9% DEPRECIATION AND A LOWER U.S. DOLLAR LIABILITY POSITION IN 2014.

SHARE OF INCOME OF ASSOCIATES AND JOINT VENTURES, NET

SHARE OF INCOME OF ASSOCIATES AND JOINT VENTURES, NET, INCREASED BY PS.22.2 MILLION TO PS.35.4 MILLION IN 2015 FROM PS.13.2 MILLION IN 2014. THIS INCREASE REFLECTED MAINLY (I) OUR SHARE IN THE INCOME OF IMAGINA, A COMMUNICATIONS COMPANY IN SPAIN; AND (II) THE ABSENCE OF SHARE OF LOSS OF OUR FORMER IUSACELL TELECOM BUSINESS, AS WE DISPOSED OF THIS 50% JOINT VENTURE IN SEPTEMBER 2014. THESE FAVORABLE EFFECTS WERE PARTIALLY OFFSET BY A HIGHER SHARE OF LOSS OF UHI, THE CONTROLLING COMPANY OF UNIVISION.

INCOME TAXES

INCOME TAXES INCREASED BY PS.3,351.3 MILLION TO PS.6,332.2 MILLION IN 2015 COMPARED WITH PS.2,980.9 MILLION IN 2014. THIS INCREASE REFLECTED PRIMARILY A HIGHER TAX BASE.

NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS INCREASED BY PS.153.4 MILLION, OR 12.1%, TO PS.1,426.3 MILLION IN 2015, COMPARED WITH PS.1,272.9 MILLION IN 2014. THIS INCREASE REFLECTED PRIMARILY A HIGHER PORTION OF NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS IN OUR SKY AND TELECOMMUNICATIONS SEGMENTS.

OTHER RELEVANT INFORMATION

CAPITAL EXPENDITURES

DURING 2015, WE INVESTED APPROXIMATELY US$1,605.4 MILLION IN PROPERTY, PLANT AND EQUIPMENT AS CAPITAL EXPENDITURES. THESE CAPITAL EXPENDITURES INCLUDED APPROXIMATELY US$1,077.2 MILLION FOR OUR TELECOMMUNICATIONS SEGMENT, US$361.6 MILLION FOR OUR SKY SEGMENT, AND US$166.6 MILLION FOR OUR CONTENT AND OTHER BUSINESSES SEGMENTS.

DEBT AND FINANCE LEASE OBLIGATIONS

THE FOLLOWING INFORMATION SETS FORTH OUR TOTAL DEBT AND FINANCE LEASE OBLIGATIONS AS OF DECEMBER 31, 2015 AND 2014. AMOUNTS ARE STATED IN MILLIONS OF MEXICAN PESOS:

THE TOTAL CONSOLIDATED DEBT AMOUNTED TO PS.110,410.6 MILLION AND PS.80,997.6 MILLION AS OF DECEMBER 31, 2015 AND 2014, RESPECTIVELY, WHICH INCLUDED A CURRENT PORTION OF LONG-TERM DEBT IN THE AMOUNT OF PS.2,979.8 MILLION AND PS.337.1 MILLION, RESPECTIVELY.

ADDITIONALLY, WE HAD FINANCE LEASE OBLIGATIONS IN THE AMOUNT OF PS.5,805.2 MILLION AND PS.5,309.6 MILLION AS OF DECEMBER 31, 2015 AND 2014, RESPECTIVELY, WHICH INCLUDED A CURRENT PORTION OF PS.511.6 MILLION AND PS.502.2 MILLION, RESPECTIVELY.

AS OF DECEMBER 31, 2015 AND 2014, TOTAL DEBT IS PRESENTED NET OF FINANCE COSTS IN THE AMOUNT OF PS.1,387.9 MILLION AND PS.1,268.8 MILLION, RESPECTIVELY, AND DOES NOT INCLUDE RELATED ACCRUED INTEREST PAYABLE IN THE AMOUNT OF PS.1,184.2 MILLION AND PS.974.9 MILLION, RESPECTIVELY.

AS OF DECEMBER 31, 2015, OUR CONSOLIDATED NET DEBT POSITION (TOTAL DEBT LESS CASH AND CASH EQUIVALENTS, TEMPORARY INVESTMENTS, AND NONCURRENT HELD-TO-MATURITY AND AVAILABLE-FOR-SALE INVESTMENTS) WAS PS.49,675.8 MILLION. THE AGGREGATE AMOUNT OF NONCURRENT HELD-TO-MATURITY AND AVAILABLE-FOR-SALE INVESTMENTS AS OF DECEMBER 31, 2015, AMOUNTED TO PS.6,007.2 MILLION.

IN NOVEMBER 2015, WE ISSUED U.S.$300 MILLION AGGREGATE PRINCIPAL AMOUNT OF 4.625% SENIOR NOTES DUE 2026 AND U.S.$900 MILLION AGGREGATE PRINCIPAL AMOUNT OF 6.125% SENIOR NOTES DUE 2046 REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

SHARES OUTSTANDING

AS OF DECEMBER 31, 2015 AND 2014, OUR SHARES OUTSTANDING AMOUNTED TO 338,468.4 MILLION AND 338,056.2 MILLION SHARES, RESPECTIVELY, AND OUR CPO EQUIVALENTS OUTSTANDING AMOUNTED TO 2,892.9 MILLION AND 2,889.4 MILLION CPO EQUIVALENTS, RESPECTIVELY. NOT ALL OF OUR SHARES ARE IN THE FORM OF CPOS. THE NUMBER OF CPO EQUIVALENTS IS CALCULATED BY DIVIDING THE NUMBER OF SHARES OUTSTANDING BY 117.

AS OF DECEMBER 31, 2015 AND 2014, THE GDS (GLOBAL DEPOSITARY SHARES) EQUIVALENTS OUTSTANDING AMOUNTED TO 578.6 MILLION AND 577.9 MILLION GDS EQUIVALENTS, RESPECTIVELY. THE NUMBER OF GDS EQUIVALENTS IS CALCULATED BY DIVIDING THE NUMBER OF CPO EQUIVALENTS BY FIVE.

ABOUT TELEVISA

TELEVISA IS THE LARGEST MEDIA COMPANY IN THE SPANISH-SPEAKING WORLD BASED ON ITS MARKET CAPITALIZATION AND A MAJOR PARTICIPANT IN THE INTERNATIONAL ENTERTAINMENT BUSINESS. IT OPERATES FOUR BROADCAST CHANNELS IN MEXICO CITY, PRODUCES AND DISTRIBUTES 26 PAY-TV BRANDS FOR DISTRIBUTION IN MEXICO AND THE REST OF THE WORLD, AND EXPORTS ITS PROGRAMS AND FORMATS TO THE U.S. THROUGH UNIVISION COMMUNICATIONS INC. (“UNIVISION”) AND TO OTHER TELEVISION NETWORKS IN OVER 50 COUNTRIES. TELEVISA IS ALSO AN ACTIVE PARTICIPANT IN MEXICO’S TELECOMMUNICATIONS INDUSTRY. IT HAS A MAJORITY INTEREST IN SKY, A LEADING DIRECT-TO-HOME SATELLITE TELEVISION SYSTEM OPERATING IN MEXICO, THE DOMINICAN REPUBLIC AND CENTRAL AMERICA. TELEVISA ALSO PARTICIPATES IN MEXICO’S TELECOMMUNICATIONS INDUSTRY IN MANY REGIONS OF THE COUNTRY WHERE IT OFFERS VIDEO, VOICE AND BROADBAND SERVICES. TELEVISA ALSO HAS INTERESTS IN MAGAZINE PUBLISHING AND DISTRIBUTION, RADIO PRODUCTION AND BROADCASTING, PROFESSIONAL SPORTS AND LIVE ENTERTAINMENT, FEATURE-FILM PRODUCTION AND DISTRIBUTION, THE OPERATION OF A HORIZONTAL INTERNET PORTAL AND GAMING. IN THE UNITED STATES, TELEVISA HAS EQUITY AND WARRANTS WHICH UPON ITS EXERCISE AND SUBJECT TO ANY NECESSARY APPROVAL FROM THE FEDERAL COMMUNICATIONS COMMISSION (“FCC”) IN THE UNITED STATES, WOULD REPRESENT APPROXIMATELY 36% ON A FULLY DILUTED, AS-CONVERTED BASIS OF THE EQUITY CAPITAL IN UNIVISION HOLDINGS INC. (F/K/A BROADCASTING MEDIA PARTNERS, INC.), THE CONTROLLING COMPANY OF UNIVISION, THE LEADING MEDIA COMPANY SERVING THE UNITED STATES HISPANIC MARKET.

DISCLAIMER

THIS ANNEX CONTAINS FORWARD-LOOKING STATEMENTS REGARDING THE COMPANY’S RESULTS AND PROSPECTS. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THESE STATEMENTS. THE FORWARD-LOOKING STATEMENTS IN THIS ANNEX SHOULD BE READ IN CONJUNCTION WITH THE FACTORS DESCRIBED IN “ITEM 3. KEY INFORMATION – FORWARD-LOOKING STATEMENTS” IN THE COMPANY’S ANNUAL REPORT ON FORM 20-F, WHICH, AMONG OTHERS, COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTAINED IN FORWARD-LOOKING STATEMENTS MADE IN THIS ANNEX AND IN ORAL STATEMENTS MADE BY AUTHORIZED OFFICERS OF THE COMPANY. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THEIR DATES. THE COMPANY UNDERTAKES NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

THE FINANCIAL INSTITUTIONS THAT PERFORM FINANCIAL ANALYSIS ON THE SECURITIES OF GRUPO TELEVISA, S.A.B. ARE AS FOLLOWS:

INSTITUTION:
- BARCLAYS
- BBVA BANCOMER
- BTG PACTUAL
- CITI
- CREDIT SUISSE
- EVERCORE
- GABELLI & CO.
- GBM CASA DE BOLSA
- GOLDMAN SACHS
- HSBC
- INVEX
- ITAÚ SECURITIES
- JPMORGAN
- MERRILL LYNCH
- MORGAN STANLEY
- NEW STREET
- SANTANDER
- SCOTIABANK
- UBS

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: TLEVISA QUARTER: 04 YEAR: 2015
GRUPO TELEVISA, S.A.B.

FINANCIAL STATEMENT NOTES

CONSOLIDATED
Final Printing

GRUPO TELEVISA, S.A.B. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements
For the years ended December 31, 2015 and 2014
(In thousands of Mexican Pesos, except per CPO, per share, par value and exchange rate amounts)

1. Corporate Information

Grupo Televisa, S.A.B. (the "Company") is a limited liability public stock corporation ("Sociedad Anónima Bursátil" or "S.A.B."), incorporated under the laws of Mexico. Pursuant to the terms of the Company's bylaws ("Estatutos Sociales") its corporate existence continues through 2106. The shares of the Company are listed and traded in the form of "Certificados de Participación Ordinarios" or "CPOs" on the Mexican Stock Exchange ("Bolsa Mexicana de Valores") under the ticker symbol TLEVISA CPO, and in the form of Global Depositary Shares or GDSs, on the New York Stock Exchange, or NYSE, under the ticker symbol TV. The Company's principal executive offices are located at Avenida Vasco de Quiroga 2000, Colonia Santa Fe, 01210 Ciudad de México.

Grupo Televisa, S.A.B. together with its subsidiaries (collectively, the "Group") is the largest media company in the Spanish-speaking world based on its market capitalization and a major participant in the international entertainment business. It operates four broadcast channels in Mexico City, produces and distributes 26 pay-TV brands for distribution in Mexico and the rest of the world, and exports its programs and formats to the United States through Univision Communications Inc. ("Univision") and to other television networks in over 50 countries. It has a majority interest in Sky, a leading direct-to-home satellite television system operating in Mexico, the Dominican Republic and Central America. The Group also participates in Mexico's telecommunications industry in many regions of the country where it offers video, voice and broadband services. The Group also has interests in magazine publishing and distribution, radio production and broadcasting, professional sports and live entertainment, feature-film production and distribution, the operation of a horizontal Internet portal, and gaming. In the United States, the Group has equity and Warrants which upon its exercise and subject to any necessary approval from the Federal Communications Commission in the United States, would represent approximately 36% on a fully diluted basis of the equity capital in Univision Holdings, Inc. or "UHI" (formerly, Broadcasting Media Partners, Inc. or "BMP"), the controlling company of Univision, the leading media company serving the United States Hispanic market.

2. Basis of Preparation and Accounting Policies

These condensed consolidated financial statements of the Group, as of December 31, 2015 and 2014, and for the years ended December 31, 2015 and 2014, are unaudited, and have been prepared in accordance with the guidelines provided by the International Accounting Standard 34, Interim Financial Reporting. In the opinion of management, all adjustments necessary for a fair presentation of the condensed consolidated financial statements have been

included herein.

These unaudited condensed consolidated financial statements should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the years ended December 31, 2014 and 2013, which have been prepared in accordance with International Financial
Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board, and include, among other disclosures, the Group's most significant accounting policies, which were applied on a consistent basis as of December 31, 2015.

These interim unaudited condensed consolidated financial statements were authorized for issuance on February 22, 2016, by the Group's Chief Financial Officer.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2014, with the exception of the change in the useful life of trademarks as mentioned in Note 7, the derecognition of Convertible Debentures and the classification of Warrants as available-for-sale financial assets, as mentioned in Notes 4 and 9.

3. Acquisitions, Investments and Disposition

In August 2014, the Group acquired, pursuant to applicable regulations, all of the equity interest of Cablecom through the conversion of the debt instruments issued by Tenedora Ares, S.A.P.I. de C.V. ("Ares") in the amount of Ps.7,297,292, including accrued interest at the acquisition date, and an additional consideration of Ps.8,550,369, comprised of (i) the capitalization of an outstanding long-term debt issued by Ares in the amount of U.S.$200.2 million (Ps.2,642,367), including accrued interest at the acquisition date; and (ii) cash in the amount of Ps.5,908,002. The total fair value consideration for this acquisition amounted to Ps.15,847,661, and the Group recognized goodwill, other intangible assets and related deferred income tax liability based on a final purchase price allocation at the acquisition date. The Group began to consolidate the net assets of Cablecom in its consolidated statement of financial position as of August 31, 2014, and therefore, the Group's consolidated statement of income for the year ended December 31, 2014, included net income of Cablecom for the four months ended on that date. Through the acquisition of Cablecom, the Group increased its presence in the telecommunications Mexican market, not only by maintaining customers of Cablecom at the date of the acquisition, but also by increasing the number of users of Cablecom services in connection with new market strategies. The following table summarizes the allocation of the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date. The excess of the purchase price over those fair values and the related deferred income tax liability was allocated to goodwill in the Telecommunications segment.

	Acquisition in August 2014
Cash and cash equivalents	Ps.371,353
Trade and other receivables	269,868
Other current assets	169,841
Total current assets	811,062
Property, plant and equipment, net	2,762,363
Goodwill	6,913,684
Concessions	7,650,430
Other intangible assets, net	3,635,767

Other non-current assets	161,169
Total assets	21,934,475
Trade and other payables	528,177
Short-term debt and current portion of long-term debt	443,475
Other current liabilities	94,309
Total current liabilities	1,065,961
Long-term debt	1,454,046
Post-employment benefits	61,823
Deferred income tax liabilities	3,491,066
Other non-current liabilities	13,918
Total non-current liabilities	5,020,853
Total liabilities	6,086,814
Total net assets	Ps. 15,847,661

In January 2015, the Group acquired, through a series of transactions, the net assets of Cablevisión Red, S.A. de C.V. and other related companies (collectively, "Telecable") for an aggregate consideration of Ps.10,001,838 in cash. Telecable is a telecommunications business that provides video, data and telephone services primarily in six states of Mexico. In connection with this acquisition, the Group recognized an excess of purchase price over the carrying value of the acquired net assets of Telecable in the aggregate amount of Ps.8,975,068, net of deferred taxes, which consisted primarily of goodwill, other intangible assets and deferred tax liabilities, based on a purchase price allocation at the acquisition date that was completed in the last quarter of 2015. The Group began to consolidate the net assets and results of operations of Telecable beginning in the first quarter of 2015. Through the acquisition of Telecable, the Group continues with its strategy to establish a telecommunications company with national coverage that delivers more and better services through state of the art technology and internationally competitive prices for the benefit of end users. The following table summarizes the allocation of the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date. The excess of the purchase price over those estimated fair values and the deferred income tax liability related to certain intangible assets was allocated to goodwill in the Telecommunications segment.

	Acquisition in January 2015
Cash and cash equivalents	Ps. 270,447
Trade and other receivables	57,687
Other current assets	34,118
Total current assets	362,252
Property, plant and equipment, net	4,885,331
Goodwill	4,373,855
Concessions	1,233,808
List of subscribers	218,578
Trademarks	16,240
Other intangible assets	1,724,757
Other non-current assets	4,582
Total assets	12,819,403
Trade and other payables	135,920
Other current liabilities	78,753
Total current liabilities	214,673
Long-term debt	505,425
Deferred income tax liability	2,090,269
Other non-current liabilities	7,198
Total non-current liabilities	2,602,892
Total liabilities	2,817,565

Total net assets	Ps.10,001,838

In January 2015, the Group received proceeds in the aggregate amount of U.S.$717 million (Ps.10,632,393) in connection with the disposal in 2014 of its investment in GSF Telecom Holdings, S.A.P.I. de C.V. ("GSF"), of which U.S.$697 million were in cash and U.S.$20 million were held in escrow for certain contingent litigation costs. As of December 31, 2015, the amount held in escrow was of U.S.$11.9 million (Ps.204,954). As a result of this disposal, the Group recognized a non-cash loss of Ps.4,168,468 in consolidated other expense in the year ended December 31, 2014.

In July 2015, the Group exchanged its investment in U.S.$1,125 million principal amount of Debentures issued by UHI (formerly, BMP) for an investment in Warrants that are exercisable for UHI's common stock. As a result of this transaction, the Group (i) received from UHI a cash amount of US$135.1 million (Ps.2,194,981) as a consideration for such conversion, which was accounted for as other finance income in the consolidated statement of income for the year ended December 31, 2015; and (ii) reclassified a Ps.4,718,175 cumulative gain related to changes in fair value of such Debentures from accumulated other comprehensive income in consolidated equity to other finance income in the consolidated statement of income for the year ended December 31, 2015. In July 2015, the Group exercised a portion of these Warrants to increase its equity stake in UHI from 7.8% to 10% (see Notes 4 and 5).

In July 2015, the Company made an additional capital contribution in Imagina Media Audiovisual, S.L. (together with its subsidiaries, "Imagina") in the aggregate cash amount of €19.2 million (Ps.341,710) in connection with a reorganization of stockholders of this investee, by which the Company increased its equity stake in Imagina from 14.5% to 19.9% (see Notes 4 and 5).

4. Investments in Financial Instruments

At December 31, 2015 and 2014, the Group had the following investments in financial instruments:

	December 31, 2015	December 31, 2014
Available-for-sale financial assets:		
Convertible Debentures due 2025 issued by UHI [(1)]	Ps. -	Ps. 10,421,478
Embedded derivative in Convertible Debentures issued by UHI [(1)]-	-	17,447,857
Warrants issued by UHI [(1)]	35,042,577	-
Shares of common stock of Imagina [(2)]	-	836,037
Available-for-sale investments [(3)]	5,873,243	5,511,768
	40,915,820	34,217,140
Held-to-maturity investments [(4)]	134,034	461,047
Other	31,620	31,685
	Ps. 41,081,474	Ps. 34,709,872

[(1)] Through July 2015, the Group held an investment in Convertible Debentures due 2025 issued by UHI in the principal amount of U.S.$1,125 million (Ps.17,634,375), with an annual interest rate of 1.5% receivable on a quarterly basis, which were convertible at the Company's option into additional shares equivalent to approximately 30% equity stake of UHI, subject to existing laws and regulations in the United States, and other conditions. These Convertible Debentures were classified as available-for-sale financial assets with changes in fair value recognized in other comprehensive income or loss in consolidated equity. The Group's option of converting these debentures into an equity stake of UHI was accounted for as an embedded derivative with changes in fair value recognized in consolidated income. In July 2015, the Group exchanged its investment in these Debentures into an investment in Warrants that are exercisable for UHI's common stock subject to the U.S. Federal Communications Commission's restrictions on foreign ownership, in whole or in part, at an exercise price of U.S.$0.01 per Warrant share. The

Warrants shall expire and no longer be exercisable after the tenth anniversary of the date of issuance (the "Expiration Date"); provided, however, the Expiration Date shall automatically be extended for nine successive ten-year periods unless the Group provides written notice to UHI of its election not to so extend the Expiration Date. The Warrants do not bear interest. The fair value of these Warrants at the date of conversion was U.S.$1,951 million (Ps.30,582,427). The Group recycled Ps.4,718,175 from accumulated other comprehensive income in consolidated equity to other finance income in the consolidated statement of income as a result of derecognizing the Convertible Debentures. In July 2015, the Group exercised a portion of these Warrants in the amount of U.S$107.4 million (Ps.1,695,524) to increase its equity stake in UHI from 7.8% to 10%. These Warrants are classified as available-for-sale financial assets with changes in fair value recognized in accumulated other comprehensive income or loss in consolidated equity (see Notes 3 and 5).

(2) Through June 2015, the Company's investment in common stock of Imagina was accounted for as an available-for-sale equity financial asset with changes in fair value recognized in consolidated other comprehensive income or loss. In July 2015, the Company made an additional capital contribution and increased its equity stake in Imagina from 14.5% to 19.9%. As a result of this transaction, beginning in the third quarter of 2015, (i) the Company classified the carrying value of this investee as an investment in associate and began to recognize its share in income or loss of Imagina; (ii) holds two of 10 seats on the Board of Directors of Imagina; (iii) reclassified a cumulative gain of Ps.544,402, related to changes in fair value of the investment in Imagina from accumulated other comprehensive income in consolidated equity to consolidated other finance income for the year ended December 31, 2015; and (iv) recognized its investment in Imagina using the fair value at the transaction date (see Notes 3 and 5).

(3) The Group has an investment in an open ended fund that has as a primary objective to achieve capital appreciation by using a broad range of strategies through investments and transactions in telecom, media and other sectors across global markets, including Latin America and other emerging markets. Shares may be redeemed on a quarterly basis at the Net Asset Value ("NAV") per share as of such redemption date. The fair value of this fund is determined by using the NAV per share. The NAV per share is calculated by determining the value of the fund assets and subtracting all of the fund liabilities and dividing the result by the total number of issued shares.

(4) Held-to-maturity investments represent corporate fixed income securities with long-term maturities. These investments are stated at amortized cost. Maturities of these investments subsequent to December 31, 2015, are as follows: Ps.60,683 in 2017, Ps.13,365 in 2018 and Ps.59,986 thereafter. Held-to-maturity financial assets as of December 31, 2015 and 2014 are denominated primarily in Mexican pesos.

A roll forward of available-for-sale financial assets for the year ended December 31, 2015 is presented as follows:

At January 1, 2015	Ps.34,217,140
Changes in fair value in other comprehensive income	3,947,250
Changes in fair value in other finance income	409,196
Foreign exchange differences	4,307,772
Additional investment in Imagina	341,710
Exchange of Debentures, reclassification of investment in Imagina and exercise of Warrant	(32,889,675)
Warrants	30,582,427
At December 31, 2015	Ps.40,915,820

The maximum exposure to credit risk of the investments in financial instruments as of December 31, 2015 is the carrying value of the financial assets mentioned above.

5. Investments in Associates and Joint Ventures

At December 31, 2015 and 2014, the Group had the following investments in associates and joint ventures accounted for by the equity method:

Ownership as of

	December 31, 2015	December 31, 2015	December 31, 2015
Associates:			
UHI [1]	10%	Ps.5,685,748	Ps.3,507,390
Imagina (see Notes 3 and 4)	19.9%	1,921,590	-
Ocesa Entretenimiento, S.A. de C.V. and subsidiaries (collectively, "OCEN") [2]	40%	938,995	867,362
Other		83,220	81,516
Joint ventures:			
Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. ("GTAC") [3]	33.3%	574,480	576,179
Televisa CJ Grand, S.A. de C.V.	50%	67,868	-
		Ps.9,271,901	Ps.5,032,447

(1) The Group accounts for its investment in common stock of UHI, the parent company of Univision, under the equity method due to the Group's ability to exercise significant influence, as defined under IFRS, over UHI's operations. The Group has determined it has the ability to exercise significant influence over the operating and financial policies of UHI because as of December 31, 2015 , the Group (i) owned 1,110,382 Class C shares of common stock of UHI, representing 10% of the outstanding total shares of UHI as of that date; (ii) held Warrants exercisable for common stock of UHI equivalent to approximately 26% equity stake of UHI on a fully diluted basis, subject to certain conditions, laws and regulations; (iii) had three of 18 members of the Board of Directors of UHI; and (iv) held program license agreements, as amended, with Univision, an indirect wholly-owned subsidiary of UHI, pursuant to which Univision has the right to broadcast certain Televisa content in the United States ("Program License Agreement"), and the Group has the right to broadcast certain Univision's content in Mexico ("Mexican License Agreement"), through the later of 2025 (2030 upon consummation of qualified public offering of shares of UHI) or seven and one-half years after the Group has sold two-thirds of its initial investment in UHI made in December 2010.

(2) OCEN is a majority-owned subsidiary of Corporación Interamericana de Entretenimiento, S.A.B. de C.V., and is engaged in the live entertainment business in Mexico. The investment in OCEN includes a goodwill of Ps.359,613 as of December 31, 2015 and 2014.

(3) A subsidiary of the Company entered into a long-term credit facility agreement to provide financing to GTAC for up to Ps.688,217, with an annual interest rate of the Mexican Interbank Interest Rate ("Tasa de Interés Interbancaria de Equilibrio" or "TIIE") plus 200 basis points. Under the terms of this agreement, principal and interest are payable at dates agreed by the parties, between 2013 and 2021. As of December 31, 2015, GTAC had used a principal amount of Ps.661,183, under this credit facility. During 2015, GTAC paid principal and interest to the Group in connection with this credit facility in the aggregate amount of Ps.99,018. Also, a subsidiary of the Company entered into supplementary long-term loans to provide additional financing to GTAC for an aggregate principal amount of Ps.246,019, with an annual interest of TIIE plus 200 basis points payable on a monthly basis and principal maturities through 2023, 2024 and 2025. The net investment in GTAC as of December 31, 2015 and 2014, include amounts receivable in connection with this long-term credit facility and supplementary loans to GTAC in the aggregate amount of Ps.684,259 and Ps.677,315, respectively.

6. Property, Plant and Equipment, Net

Property, plant and equipment as of December 31, 2015 and 2014, consisted of:

	December 31, 2015	December 31, 2014
Buildings	Ps.8,635,843	Ps.8,464,531
Building improvements	287,732	339,828
Technical equipment	97,721,490	79,921,698

Satellite transponders	10,301,713	7,869,492
Furniture and fixtures	966,928	907,006
Transportation equipment	2,631,076	2,054,309
Computer equipment	6,642,536	5,962,735
Leasehold improvements	2,170,607	1,641,527
	129,357,925	107,161,126
Accumulated depreciation	(67,907,362)	(57,539,568)
	61,450,563	49,621,558
Land	4,699,723	4,627,984
Construction and projects in progress	9,938,991	7,759,966
	Ps. 76,089,277	Ps. 62,009,508

Depreciation charged to income for the years ended December 31, 2015 and 2014 was Ps.12,138,740 and Ps.10,086,524, respectively.

During the year ended December 31, 2015, the Group invested Ps.25,703,069 in property plant and equipment as capital expenditures.

7. Intangible Assets, Net

The balances of intangible assets as of December 31, 2015 and 2014, were as follows:

			2015			2014
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets with indefinite useful lives:						
Goodwill			Ps. 14,112,626			Ps. 9,322,773
Trademarks			782,958			2,501,227
Concessions			15,719,572			11,345,717
Intangible assets with finite useful lives:						
Trademarks	Ps.. 1,891,306	Ps. (151,305)	1,740,001	Ps. -	Ps. -	Ps. -
Licenses and software	5,366,912	(3,489,143)	1,877,769	4,575,490	(2,576,795)	1,998,695
Subscriber lists	6,207,405	(3,520,650)	2,686,755	4,973,885	(2,492,101)	2,481,784
Other intangible assets	3,014,421	(1,827,777)	1,186,644	2,290,663	(1,162,445)	1,128,218
	Ps. 16,480,044	Ps. (8,988,875)	Ps. 38,106,325	Ps. 11,840,038	Ps. (6,231,341)	Ps. 28,778,414

Amortization charged to income for the years ended December 31, 2015 and 2014 was Ps.2,522,189 and Ps.1,476,561, respectively.

In the third quarter of 2015, the Company's management revised the useful life of trademarks to determine whether events and circumstances continue to support an indefinite useful life for such intangible assets. As a result of such review, the Company's management identified certain businesses in its Telecommunications segment that are migrating from a current trademark to an internally developed trademark between 2015 and 2016, in connection with enhanced telecommunications service packages offered to current and new subscribers, and has estimated that this migration process will take approximately four years. Accordingly, beginning in the third quarter of 2015, the Group changed the useful life assessment from indefinite to finite for certain acquired trademarks in its Telecommunications segment, and began to amortize the related carrying value of those trademarks when the migration started in an estimated useful life of four years. The Group has not capitalized any amounts associated with internally developed trademarks.

8. Debt and Finance Lease Obligations

Debt and finance lease obligations outstanding as of December 31, 2015 and 2014, were as follows:

				December 31, 2015	December 31, 2014
	Principal	Interest Payable	Finance Costs	Total	Total
U.S. dollar debt:					
6% Senior Notes due 2018 (1)	Ps. 8,608,000	Ps. 60,256	Ps. (16,224)	Ps. 8,652,032	Ps. 7,409,378
6.625% Senior Notes due 2025 (1)	10,329,600	193,895	(354,362)	10,169,133	8,630,357
4.625% Senior Notes due 2026 (1)	5,164,800	23,887	(111,378)	5,077,309	–
8.50% Senior Notes due 2032 (1)	5,164,800	134,142	(28,701)	5,270,241	4,512,938
6.625% Senior Notes due 2040 (1)	10,329,600	315,555	(152,330)	10,492,825	8,968,642
5% Senior Notes due 2045 (1)	17,216,000	124,338	(497,534)	16,842,804	14,353,463
6.125% Senior Notes due 2046 (1)	15,494,400	94,903	(81,105)	15,508,198	–
Total U.S. dollar debt	72,307,200	946,976	(1,241,634)	72,012,542	43,874,778
Mexican peso debt:					
7.38% Notes due 2020 (2)	10,000,000	133,250	(34,090)	10,099,160	10,100,307
TIIE + 0.35% Notes due 2021 (2)	6,000,000	8,657	(11,034)	5,997,623	5,994,805
TIIE + 0.35% Notes due 2022 (2)	5,000,000	5,249	(11,060)	4,994,189	–
8.49% Senior Notes due 2037 (1)	4,500,000	32,899	(15,528)	4,517,371	4,518,767
7.25% Senior Notes due 2043 (1)	6,500,000	54,979	(64,933)	6,490,046	6,492,913
Bank loans	4,782,000	–	(3,095)	4,778,905	5,879,128
Bank loans (Sky)	–	–	–	–	3,513,851
Bank loans (TVI)	2,709,287	2,211	(6,502)	2,704,996	1,598,006
Total Mexican peso debt	39,491,287	237,245	(146,242)	39,582,290	38,097,777
Total debt (3)	111,798,487	1,184,221	(1,387,876)	111,594,832	81,972,555
Less: Current portion of long-term debt	2,981,675	1,184,221	(1,828)	4,164,068	1,312,052
Long-term debt, net of current portion	Ps. 108,816,812	Ps. –	Ps. (1,386,048)	Ps. 107,430,764	Ps. 80,660,503
Finance lease obligations:					
Satellite transponder lease obligation	Ps. 4,879,940	Ps. –	Ps. –	Ps. 4,879,940	Ps. 4,401,423
Other	925,175	–	–	925,175	908,122
Total finance lease obligations	5,805,115	--	–	5,805,115	5,309,545
Less: Current portion	511,556	–	–	511,556	502,166
Finance lease obligations, net of current portion	Ps. 5,293,559	Ps. –	Ps. –	Ps. 5,293,559	Ps. 4,807,379

(1) These Senior Notes are unsecured obligations of the Company, rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Company, and are junior in right of payment to all of the existing and future liabilities of the Company's subsidiaries. Interest on the Senior Notes due 2018, 2025, 2026, 2032, 2037, 2040, 2043, 2045 and 2046, including additional amounts payable in respect of certain Mexican withholding taxes, is 6.31%, 6.97%, 4.86%, 8.94%, 8.93%, 6.97%, 7.62%, 5.26% and 6.44% per annum, respectively, and is payable semi-annually. These Senior Notes may not be redeemed prior to maturity, except (i) in the event of certain changes in law affecting the Mexican withholding tax treatment of certain payments on the securities, in which case the securities will be redeemable, as a whole but not in part, at the option of the Company;

and (ii) in the event of a change of control, in which case the company may be required to redeem the securities at 101% of their principal amount. Also, the Company may, at its own option, redeem the Senior Notes due 2018, 2025, 2026, 2037, 2040, 2043 and 2046, in whole or in part, at any time at a redemption price equal to the greater of the principal amount of these Senior Notes or the present value of future cash flows, at the redemption date, of principal and interest amounts of the Senior Notes discounted at a fixed rate of comparable U.S. or Mexican sovereign bonds. The agreement of these Senior Notes contains covenants that limit the ability of the Company and certain restricted subsidiaries engaged in the Group's content segment, to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions. The Senior Notes due 2018, 2025, 2026, 2032, 2037, 2040, 2045 and 2046 are registered with the U.S. Securities and Exchange Commission ("SEC"). The Senior Notes due 2043 are registered with both the U.S. SEC and the Mexican Banking and Securities Commission ("Comisión Nacional Bancaria y de Valores" or "CNBV").

(2) Interest on these Notes ("Certificados Bursátiles") is payable semi-annually for Notes due 2020 and every 28 days for Notes due 2021 and 2022. The Company may, at its own option, redeem the Notes due 2020, in whole or in part, at any semi-annual interest payment date at a redemption price equal to the greater of the principal amount of the outstanding notes and the present value of future cash flows, at the redemption date, of principal and interest amounts of the Notes discounted at a fixed rate of comparable Mexican sovereign bonds. The company may, at its own option, redeem the Notes due 2021 and 2022, in whole or in part, at any date at a redemption price equal to the greater of the principal amount of the outstanding notes and an average price calculated from prices to be provided at the redemption date by two Mexican financial pricing companies. The agreement of these Notes contains covenants that limit the ability of the Company and certain restricted subsidiaries appointed by the Company's board of directors, and engaged in the Group's content segment, to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions.

(3) Total debt is presented net of unamortized finance costs as of December 31, 2015 and 2014, in the aggregate amount of Ps.1,387,876 and Ps.1,268,856, respectively, and includes interest payable in the aggregate amount of Ps.1,184,221 and Ps.974,904 as of December 31, 2015 and 2014, respectively.

In January 2015, the Group prepaid the principal amount and related accrued interest of a peso-denominated long-term bank loan previously entered into by Telecable, the telecommunications company acquired by the Group in January 2015, in the aggregate amount of Ps.507,362. This prepayment was funded primarily with cash provided by a long-term bank loan arranged by the Company with a Mexican bank in the principal amount of Ps.500,000, with a maturity in 2016, and annual interest of the 28-day interbank equilibrium interest rate (“Tasa de Interés Interbancaria de Equilibrio” or “TIIE”) plus a range between 0 and 80 basis points.

In May 2015, the Company concluded an offering of Ps.5,000,000 aggregate principal amount of local bonds (“Certificados Bursátiles”) due 2022 with an annual interest rate of the 28-day TIIE plus 35 basis points, which was registered with the CNBV.

During the year of 2015, TVI refinanced an outstanding long-term loan in the principal amount of Ps.722,020, with an original maturity in 2016, and incurred additional long-term debt in the aggregate principal amount of Ps.1,270,000. The refinanced and additional long-term debt of TVI matures in 2019 (Ps.250,000), 2020 (Ps.250,000) and 2022 (Ps.1,492,020) with an annual interest rate of the 28-day TIIE plus a range between 130 and 140 basis points, which is payable on a monthly basis.

In June 2015, the Company and Sky prepaid peso-denominated long-term bank loans in the aggregate principal amount of Ps.1,600,000 and Ps.3,500,000, respectively, with original principal maturities between 2016 and 2021. The aggregate amount paid by the Company and Sky amounted to Ps.1,814,312 and Ps.3,651,712, respectively, which included related accrued interest, the settlement of a related derivative contract, and fees. The prepayment of Sky was funded primarily by a long-term loan made by the Company in the principal amount of Ps.3,500,000, with a maturity in 2022, and an annual interest rate of 7.38%, which is payable on a monthly basis.

In November 2015, the Company issued U.S.$300 million aggregate principal amount of 4.625% Senior Notes due 2026 and U.S.$900 million aggregate principal amount of 6.125% Senior Notes due 2046 registered with the U.S. SEC.

As of December 31, 2015, the Group is in compliance with all covenants contained in the debt agreements.

The table below analyzes the Group's debt and finance lease obligations into relevant maturity groupings based on the remaining period at the statement of financial position date to the contracted maturity date

	Less than 12 months January 1, 2016 to December 31, 2016	12-36 months January 1, 2017 to December 31, 2018	36-60 months January 1, 2019 to December 31, 2020	Maturities Subsequent to December 31, 2020	Total
Debt (1)	Ps. 2,981,675	Ps. 10,975,074	Ps. 11,412,045	Ps. 86,429,693	Ps. 111,798,487
Finance Lease Liabilities	511,556	945,665	996,850	3,351,044	5,805,115
Total Debt and Financial Lease obligations	Ps. 3,493,231	Ps. 11,920,739	Ps. 12,408,895	Ps. 89,780,737	Ps. 117,603,602

(1) The amounts of debt are disclosed on a principal amount basis.

9. Financial Instruments

The Group's financial instruments presented in the condensed consolidated statements of financial position included cash and cash equivalents; temporary investments; accounts and notes receivable; a long-term loan receivable from GTAC; Convertible Debentures issued by UHI with an option to convert these debentures into common stock of UHI, which were converted in July 2015 into Warrants that are exercisable for UHI's common stock; debt securities classified as held-to-maturity investments; investments in securities in the form of an open-ended fund classified as available-for-sale investments; accounts payable; debt; and derivative financial instruments. For cash and cash equivalents, temporary investments, accounts receivable, accounts payable, and short-term notes payable due to banks and other financial institutions, the carrying amounts approximate fair value due to the short maturity of these instruments. The fair value of the Group's long-term debt securities are based on quoted market prices.

The fair value of the long-term loans that the Group borrowed from leading Mexican banks (see Note 8) has been estimated using the borrowing rates currently available to the Group for bank loans with similar terms and average maturities. The fair value of held-to-maturity securities, available-for-sale investments, and currency option and interest rate swap agreements were determined by using valuation techniques that maximize the use of observable market data.

The carrying and estimated fair values of the Group's non-derivative financial instruments as of December 31, 2015 and 2014, were as follows:

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Temporary investments	Ps. 5,330,448	Ps. 5,330,448	Ps. 4,788,585	Ps. 4,788,585

Trade notes and accounts receivable, net	21,702,128	21,702,128	21,087,163	21,087,163
Convertible Debentures due 2025 issued by UHI (see Note 4)	-	-	10,421,478	10,421,478
Embedded derivative in Convertible Debentures issued by UHI (see Note 4)	-	-	17,447,857	17,447,857
Warrants issued by UHI	35,042,577	35,042,577	-	-
Long-term loan and interest receivable from GTAC (see Note 5)	684,259	687,506	677,315	675,198
Held-to-maturity investments (see Note 4)	134,034	133,824	461,047	460,236
Shares of common stock of Imagina (see Note 4)	-	-	836,037	836,037
Available-for-sale investments (see Note 4)	5,873,243	5,873,243	5,511,768	5,511,768
Liabilities:				
Senior Notes due 2018, 2025, 2032 and 2040	Ps. 34,432,000	Ps. 38,190,597	Ps. 29,522,600	Ps. 36,225,101
Senior Notes due 2045	17,216,000	14,860,851	14,761,300	15,015,785
Senior Notes due 2037 and 2043	11,000,000	9,620,550	11,000,000	10,283,880
Senior Notes due 2026 and 2046	20,659,200	20,650,007	-	-
Notes due 2020	10,000,000	10,437,500	10,000,000	10,469,000
Notes due 2021	6,000,000	5,996,640	6,000,000	6,012,300
Notes due 2022	5,000,000	4,957,300	-	-
Short-term loans and long-term notes payable to Mexican banks	7,491,287	7,561,955	10,982,607	11,413,185
Finance lease obligations	5,805,115	5,179,052	5,236,046	4,920,298

The carrying values (based on estimated fair values), notional amounts, and maturity dates of the Group's derivative financial instruments as of December 31, 2015 and 2014, were as follows:

December 31, 2015:

Derivative Financial Instruments	Carrying Value	Notional Amount (U.S. Dollars in Thousands)	Maturity Date
Liabilities:			
Derivatives not recorded as accounting hedges:			
TVI's interest rate swap	Ps. 8,113	Ps. 1,985,847	February 2016 and May 2022
Derivatives recorded as accounting hedges (cash flow hedges):			
Interest rate swap	116,108	Ps. 2,500,000	September 2016 through March 2018
Interest rate swap	99,567	Ps. 6,000,000	April 2021
Interest rate swap	3,274	Ps. 1,000,000	May 2022
Total liabilities	Ps. 227,062		

December 31, 2014:

Derivative Financial Instruments	Carrying Value	Notional Amount (U.S. Dollars in Thousands)	Maturity Date
Assets:			

Derivatives not recorded as accounting hedges:			
Options	Ps. 2,894	Ps. U.S.135,000	November 2015
Total assets	Ps. 2,894		
Liabilities:			
Derivatives not recorded as accounting hedges:			
Sky's interest rate swap	Ps. 79,939	Ps. 1,400,000	April 2016
TVI's interest rate swap	10,376	Ps. 1,567,607	February 2016 and July 2019
Derivatives recorded as accounting hedges (cash flow hedges):			
Interest rate swap	175,025	Ps. 2,500,000	September 2016 through March 2018
Interest rate swap	69,762	Ps. 3,000,000	April 2021
Total liabilities	Ps. 335,102		

UHI Warrants

As described in Note 3, in July 2015, the Group exchanged its investment in U.S.$1,125 million principal amount of Convertible Debentures due 2025 issued by UHI for Warrants that are exercisable for UHI's common stock.

The Group determined the fair value of its investment in Warrants using the Black-Scholes model ("BSM"). The BSM involves the use of significant estimates and assumptions. These estimates and assumptions include the UHI stock's spot price at valuation date and the stock's expected volatility. The UHI stock's price at valuation date was obtained by using a discounted projected cash flow model. The UHI stock's volatility was obtained from publicly available information of comparable companies' stock through determining an average of such companies' annual volatility. Since the described methodology was an internal model with significant unobservable inputs, the UHI Warrants are classified as Level 3.

Unobservable inputs used as of December 31, 2015 included UHI stock's spot price of U.S.$443 and UHI stock's expected volatility of 29%.

Significant judgment was applied in assessing the qualitative factors mentioned in IAS 39 Financial Instruments: Recognition and Measurement, to determine that the changes in cash flows, the different risk and rewards and contractual terms of the Convertible Debentures due 2025 issued by UHI and the Warrants issued by UHI resulted in the derecognition of the Convertible Debentures (see Note 4).

The Company's management applied significant judgment to determine the classification of the Warrants issued by UHI. These warrants did not comply with the definition of a derivative financial instrument because the initial investment that the Group paid to acquire the original instrument (Convertible Debentures) was significant and a derivative requires no initial investment or one that is smaller than would be required for a contract with similar response to changes in market factors; therefore, the Group classified the Warrants issued by UHI as available-for-sale financial assets with changes in other comprehensive income.

10. Capital Stock and Long-term Retention Plan

At December 31, 2015, shares of capital stock and CPOs consisted of (in millions):

	Authorized and Issued [1]	Held by a Company's Trust [2]	Outstanding
Series "A" Shares	123,273.9	(7,864.9)	115,409.0
Series "B" Shares	58,982.9	(5,642.6)	53,340.3
Series "D" Shares	90,086.5	(5,227.0)	84,859.5
Series "L" Shares	90,086.5	(5,227.0)	84,859.5
Total	362,429.8	(23,961.5)	338,468.3
Shares in the form of CPOs	301,145.5	(17,473.1)	283,672.4
Shares not in the form of CPOs	61,284.3	(6,488.4)	54,795.9
Total	362,429.8	(23,961.5)	338,468.3
CPOs	2,573.9	(149.3)	2,424.6

(1) As of December 31, 2015, the authorized and issued capital stock amounted to Ps.4,978,126 (nominal Ps.2,494,410).

(2) In connection with the Company's Long-Term Retention Plan.

A reconciliation of the number of shares and CPOs outstanding for the years ended December 31, 2015 and 2014 is presented as follows (in millions):

	Series "A" Shares	Series "B" Shares	Series "D" Shares	Series "L" Shares	Shares Outstanding	CPOs Outstanding
As of January 1, 2015	115,036.5	53,330.9	84,844.4	84,844.4	338,056.2	2,424.1
Acquired by a Company's trust	(518.7)	(456.5)	(726.2)	(726.2)	(2,427.6)	(20.7)
Released by the stock plan	891.2	465.9	741.3	741.3	2,839.7	21.2
As of December 31, 2015	115,409.0	53,340.3	84,859.5	84,859.5	338,468.3	2,424.6

	Series "A" Shares	Series "B" Shares	Series "D" Shares	Series "L" Shares	Shares Outstanding	CPOs Outstanding
As of January 1, 2014	114,197.5	52,920.5	84,191.5	84,191.5	335,501.0	2,405.5
Acquired by a Company's trust	(71.1)	(62.6)	(99.6)	(99.6)	(332.9)	(2.9)
Repurchased by the Company	-	-	-	-	-	-
Released by the stock plan	910.1	473.0	752.5	752.5	2,888.1	21.5
As of December 31, 2014	115,036.5	53,330.9	84,844.4	84,844.4	338,056.2	2,424.1

Long-term Retention Plan

During the year ended December 31, 2015, the trust for the Long-term Retention Plan (i) acquired 2,427.6 million shares of the Company, in the form of 20.7 million CPOs, in the amount of Ps.2,184,345; and (ii) released 2,478.0 million shares in the form of 21.2 million CPOs, and 361.7 million Series "A" Shares, in the aggregate amount of Ps.848,883, in connection with the Long-term Retention Plan.

The Group accrued in equity attributable to stockholders of the Company a share-based compensation expense of Ps.1,184,524 for the year ended December 31, 2015, which amount was reflected in consolidated operating income as administrative expense.

11. Retained Earnings

As of December 31, 2015 and 2014, the Company's legal reserve amounted to Ps.2,139,007, and was classified into retained earnings in equity attributable to stockholders of the Company.

In April 2015, the Company's stockholders approved the payment of a dividend of Ps.0.35 per CPO and Ps.0.002991452991 per share of Series "A", "B", "D" and "L" Shares, not in the form of a CPO, which was paid in cash in June 2015 in the aggregate amount of Ps.1,084,192.

12. Transactions with Related Parties

The balances of receivables and payables between the Group and related parties as of December 31, 2015 and 2014, were as follows:

	2015	2014
Current receivables:		

UHI, including Univision	Ps.-	Ps.535,661
Grupo TV Promo, S.A. de C.V.	-	201,060
GSF, including Iusacell	-	57,703
Other	98,388	108,828
	Ps.98,388	Ps.903,252
Current payables:		
UHI, including Univision	Ps.367,545	Ps.-
DirecTV Group, Inc.	47,788	-
Other	27,702	8,564
	Ps.443,035	Ps.8,564

In the years ended December 31, 2015 and 2014, royalty revenue from Univision amounted to Ps.4,982,971 and Ps.4,194,379, respectively, and interest income from UHI amounted to Ps.142,010 and Ps.228,278, respectively.

In March 2015, the Group recognized in consolidated other income, net, a non-recurring income from Univision in the amount of U.S.$67.6 million (Ps.1,038,314), as a result of the early termination of a technical assistance agreement with Univision.

In July 2015, the Group recognized in consolidated other finance income, net, a cash amount of U.S.$135.1 million (Ps.2,194,981) paid by UHI as a consideration for the conversion of the Group's former investment in Debentures into Warrants that are exercisable for UHI's common stock (see Notes 3 and 4).

13. Finance Expense, Net

Finance (expense) income for the years ended December 31, 2015 and 2014, included:

	2015	2014
Interest expense	Ps.(6,239,387)	Ps.(5,551,461)
Foreign exchange loss, net	(2,426,011)	(1,391,169)
Finance expense	(8,665,398)	(6,942,630)
Interest income [(1)]	1,027,758	1,327,691
Other finance income, net [(2)]	7,514,784	1,286,014
Finance income	8,542,542	2,613,705
Finance expense, net	Ps.(122,856)	Ps.(4,328,925)

(1) This line item included interest income from the Group's investment in Debentures issued by UHI in the aggregate amount of Ps.142,010 for the year ended December 31, 2015, and interest income from the Group's investments in Convertible Debentures issued by UHI and Ares in the aggregate amount of Ps.450,270 for the year ended December 31, 2014.

(2) This line item included a cash amount of U.S.$135.1 million (Ps.2,194,981) received as a consideration for the exchange of Convertible Debentures issued by UHI for Warrants that are exercisable for UHI's common stock, and a Ps.4,718,175 reclassification from accumulated other comprehensive income in consolidated equity in connection with a cumulative gain related to changes in fair value of such debentures, for the year ended December 31, 2015. It also included a gain in change of fair value from an embedded derivative in a host contract related to the Group's former investment in Convertible Debentures issued by UHI in the amount of Ps.409,196 and Ps.1,477,103 for the years ended December 31, 2015 and 2014, respectively.

14. Income Taxes

The analysis of deferred tax assets and liabilities is as follows:

	December 31, 2015	December 31, 2014
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	Ps. 14,258,185	Ps. 10,000,572
Deferred tax assets to be recovered within 12 months	5,104,715	3,906,937
Deferred tax liabilities:		
Deferred tax liabilities to be paid after more than 12 months	(10,767,190)	(5,485,297)
Deferred tax liabilities to be paid within 12 months	(930,672)	(104,944)
Deferred tax assets, net	Ps. 7,665,038	Ps. 8,317,268

The deferred taxes as of December 31, 2015 and 2014, were principally derived from the following items:

	December 31, 2015	December 31, 2014
Assets:		
Accrued liabilities	Ps. 2,656,354	Ps. 1,284,458
Allowance for doubtful accounts	1,187,427	917,269
Customer advances	2,598,037	2,186,836
Prepaid expenses and other items	-	297,836
Tax loss carryforwards	10,196,480	6,754,354
Liabilities:		
Investments	(3,504,137)	(443,538)
Property, plant and equipment, net	(954,678)	(202,002)
Derivative financial instruments	(1,801)	(152,491)
Intangible assets and transmission rights	(3,922,230)	(2,961,129)
Prepaid expenses and other items	(1,188,642)	-
Deferred income taxes of Mexican companies	7,066,810	7,681,593
Deferred income taxes assets of foreign subsidiaries	195,348	200,410
Asset tax	402,880	435,265
Deferred income tax asset, net	Ps. 7,665,038	Ps. 8,317,268

15. Earnings per CPO/Share

At December 31, 2015 and 2014 the weighted average of outstanding total shares, CPOs and Series "A", Series "B", Series "D" and Series "L" Shares (not in the form of CPO units), was as follows (in thousands):

	December 31, 2015	December 31, 2014
Total Shares	338,290,942	337,550,941
CPOs	2,423,881	2,420,674
Shares not in the form of CPO units:		
Series "A" Shares	54,662,750	54,331,451
Series "B" Shares	187	187
Series "D" Shares	239	239
Series "L" Shares	239	239

Basic earnings per CPO and per each Series "A", Series "B", Series "D" and Series "L" Share (not in the form of a CPO unit) for the years ended December 31, 2015 and 2014, are presented as follows:

	2015		2014	
	Per CPO	Per Each Series A", "B", "D" and "L Share	Per CPO	Per Each Series A", "B", "D" and "L Share
Net income attributable to stockholders of the Company	Ps. 3.77	Ps. 0.03	Ps. 1.87	Ps. 0.02

Diluted earnings per CPO and per Share attributable to stockholders of the Company:

	December 31, 2015	December 31, 2014
Total Shares	362,429,887	362,429,887
CPOs	2,573,894	2,573,894
Shares not in the form of CPO units:		
Series "A" Shares	58,926,613	58,926,613
Series "B" Shares	2,357,208	2,357,208
Series "D" Shares	239	239
Series "L" Shares	239	239

Diluted earnings per CPO and per each Series "A", Series "B", Series "D" and Series "L" Share (not in the form of a CPO unit) for the years ended December 31, 2015 and 2014, are presented as follows:

	2015		2014	
	Per CPO	Per Each Series A", "B", "D" and "L Share	Per CPO	Per Each Series A", "B", "D" and "L Share
Net income attributable to stockholders of the Company	$ 3.52	$ 0.03	$ 1.74	$ 0.01

16. Segment Information

The table below presents information by segment and a reconciliation to consolidated total for the years ended December 31:

	Total Revenues	Intersegment Revenues	Consolidated Revenues	Segment Income
2015:				
Content	Ps. 34,332,572	Ps. 1,462,004	Ps. 32,870,568	Ps. 14,564,225
Sky	19,253,526	107,197	19,146,329	8,972,258
Telecommunications [1]	28,488,313	148,887	28,339,426	11,405,556
Other Businesses	8,124,337	428,831	7,695,506	753,340
Segment totals	90,198,748	2,146,919	88,051,829	35,695,379
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(2,146,919)	(2,146,919)	-	(1,960,848)
Depreciation and amortization expense	-	-	-	(14,660,929)
Consolidated total before other expense	88,051,829	-	88,051,829	19,073,602 [2]
Other expense, net	-	-	-	(328,477)
Consolidated total	Ps. 88,051,829	Ps. -	Ps. 88,051,829	Ps. 18,745,125 [3]

	Total Revenues	Intersegment Revenues	Consolidated Revenues	Segment Income

2014:				
Content	Ps.34,868,080	Ps.1,039,950	Ps.33,828,130	Ps.15,534,269
Sky	17,498,586	13,982	17,484,604	8,211,269
Telecommunications	20,937,250	116,258	20,820,992	7,882,911
Other Businesses	8,204,060	219,434	7,984,626	651,267
Segment totals	81,507,976	1,389,624	80,118,352	32,279,716
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,389,624)	(1,389,624)	-	(1,478,534)
Depreciation and amortization expense	-	-	-	(11,563,085)
Consolidated total before other expense	80,118,352	-	80,118,352	19,238,097 [2]
Other expense, net	-	-	-	(5,281,690)
Consolidated total	Ps.80,118,352	Ps.-	Ps.80,118,352	Ps.13,956,407 [3]

(1) Cablecom and Telecable contributed total revenues and segment income to the Group's Telecommunications segment for the year ended December 31, 2015, in the aggregate amount of Ps.6,467,907 and Ps.3,083,607, respectively, as the Group began to consolidate the Cablecom and Telecable results of operations beginning in September 2014 and January 2015, respectively (see Note 3).

(2) Consolidated total represents income before other expense.

(3) Consolidated total represents consolidated operating income.

Seasonality of Operations

The Group's results of operations are seasonal. The Group typically recognizes a large percentage of its consolidated net sales (principally advertising) in the fourth quarter in connection with the holiday shopping season. In 2015 and 2014, the Group recognized 28.3% and 30.0%, respectively, of its annual consolidated net sales in the fourth quarter of the year. The Group's costs, in contrast to its revenues, are more evenly incurred throughout the year and generally do not correlate to the amount of advertising sales.

The consolidates net income attributable to stockholders of the company for each of the four quarters in the period ended December 31, 2015, is presented as follows:

Quarter	Quarter	Accumulated
1st / 15	Ps.1,453,445	Ps.1,453,445
2nd / 15	1,328,732	2,782,177
3rd / 15	6,545,753	9,327,930
4th / 15	1,571,205	10,899,135

17. Contingencies

In March 2015, the investigative authority of the IFT issued a preliminary opinion that presumed the probable existence of substantial power in the market of restricted television and audio services in Mexico, with respect to the Company and certain of its subsidiaries. On September 30, 2015, the Governing Board of the IFT determined that the Group does not have substantial power in such market ("IFT Resolution"). Although this resolution is final at the administrative level, certain third parties have filed amparo proceedings challenging the constitutionality of the IFT Resolution; those challenges are still under review by the relevant courts.

There are several legal actions and claims pending against the Group which are filed in the ordinary course of business. In the opinion of the Company's management, none of these actions and claims is expected to have a

material adverse effect on the Group's financial statements as a whole; however, the Company's management is unable to predict the outcome of any of these legal actions and claims.

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INVESTMENTS IN ASSOCIATES AND JOINT VENTURES
(THOUSANDS OF MEXICAN PESOS)
CONSOLIDATED
Final Printing

	COMPANY NAME	MAIN ACTIVITIES	NUMBER OF SHARES	% OWNERSHIP	TOTAL AMOUNT (Thousands of Mexican Pesos) ACQUISITION COST	BOOK VALUE
1	ARGOS COMUNICACION, S.A. DE C.V.	PRODUCTION OF T.V. PROGRAMS BROADCASTING OF T.V.	34,151,934	33.00	141,932	67,927
2	UNIVISION HOLDINGS,INC	PROMOTION AND/OR DEVELOPMENT OF ENTERTAINMENT COMPANIES	1,110,382	10.03	4,280,342	5,685,748
3	IMAGINA MEDIA AUDIOVISUAL, S.L.	PRODUCTION AND COMMERCIALIZATION OF TELEVISION PROGRAMMING	76,196,993	19.89	1,689,782	1,921,590
4	EDITORIAL CLIO, LIBROS Y VIDEOS,S.A. DE C.V.	PUBLISHING AND PRINTING OF BOOKS AND MAGAZINES	3,227,050	30.00	32,270	12,189
5	ENDEMOL MEXICO, S.A. DE C.V.	PRODUCTION AND COMMERCIALIZATION OF TELEVISION PROGRAMMING	25,000	50.00	25	129
6	GRUPO DE TELECOMUNICACIONES DEALTA CAPACIDAD, S.A.P.I. DE C.V.	TELECOM	54,666,667	33.33	54,667	574,480
7	OCESA ENTRETENIMIENTO, S.A. DE C.V.	LIVE ENTERTAINMENT IN MEXICO	14,100,000	40.00	1,062,811	938,995
8	OLLIN VFX, S.A.P.I. DE C.V.	TELEVISION AND CINEMA PRODUCTION	34	25.37	13,333	1,928
9	T&V S.A.S.	PRODUCTION AND COMMERCIALIZATION OF ELEVISION PROGRAMMING	1,849	49.97	312	312
10	TELEVISA, CJ, GRAND, S.A. DE C.V.	DIRECT SALES BY T.V.	10	50	108,750	67,868

11	OLLIN VFX SERVICIOS, S.A. DE C.V.	TELEVISION AND CINEMA PRODUCTION	25	25.00	25	735
	TOTAL INVESTMENT IN ASSOCIATES				7,384,249	9,271,901

OBSERVATIONS:

CREDITS BREAKDOWN
(THOUSANDS OF MEXICAN PESOS)
CONSOLIDATED
Final Printing

CREDIT TYPE / INSTITUTION	FOREIGN INSTITUTION (YES/NOT)	DATE OF CONTRACT	AMORTIZATION DATE	INTEREST RATE	AMORTIZATION OF CREDITS I TIME INTERVAL CURRENT YEAR	UNTIL 1 YEAR	UNTIL 2 YEAR
BANKS							
FOREIGN TRADE							
SECURED							
COMMERCIAL BANKS							
HSBC MÉXICO, S.A.	NO	3/28/2011	3/30/2018	TIIE+117.5	NA	624,479	1,248,958
AF BANREGIO, S.A. DE C.V.	NO	10/4/2012	10/2/2017	TIIE+2.50	NA	9,675	15,925
HSBC MÉXICO, S.A.	NO	5/29/2013	5/29/2019	TIIE+1.70	NA	64,705	64,782
HSBC MÉXICO, S.A.	NO	7/4/2014	7/4/2019	TIIE+1.40	NA		
BANCO SANTANDER, S.A.	NO	9/29/2014	9/29/2016	TIIE+.70	NA	1,781,225	
BANCO SANTANDER, S.A.	NO	1/30/2015	9/29/2016	TIIE+.35	NA	499,763	
BANCO SANTANDER, S.A.	NO	5/8/2015	5/7/2020	TIIE+1.30	NA		
BANCO SANTANDER, S.A.	NO	1/8/2015	9/10/2019	TIIE+1.40	NA		
BANCO MERCANTIL DEL NORTE, S.A.	NO	5/15/2015	4/30/2022	TIIE+1.30	NA		138,203
OTHER							
TOTAL BANKS					-	2,979,847	1,467,868
STOCK MARKET							
LISTED STOCK EXCHANGE							
UNSECURED							
SENIOR NOTES	YES	5/9/2007	5/11/2037	8.93	NA		
NOTES	NO	10/14/2010	10/1/2020	7.38	NA		
SENIOR NOTES	YES	5/14/2013	5/14/2043	7.62	NA		
NOTES	NO	4/7/2014	4/1/2021	TIIE+.35	NA		
NOTES	NO	5/11/2015	5/2/2022	TIIE+.35	NA		
SENIOR NOTES	YES	5/6/2008	5/15/2018	6.31	NA		
SENIOR NOTES	YES	3/18/2005	3/18/2025	6.97	NA		
SENIOR NOTES	YES	3/11/2002	3/11/2032	8.94	NA		
SENIOR NOTES	YES	11/23/2009	1/15/2040	6.97	NA		
SENIOR NOTES	YES	5/13/2014	5/13/2045	5.26	NA		
SENIOR NOTES	YES	11/24/2015	1/30/2026	4.86	NA		
SENIOR NOTES	YES	11/24/2015	1/31/2046	6.44	NA		
SECURED					0	0	0
PRIVATE PLACEMENTS							
UNSECURED							
SECURED							
TOTAL STOCK MARKET							

OTHER CURRENT AND NON-CURRENT LIABILITIES WITH COST						
GRUPO DE TELECOMUNICACIONES DE ALTA CAPACIDAD	NO	8/1/2012	7/1/2020	NA	99,337	88,059
GE CAPITAL CFE MEXICO, S. DE R.L. DE C.V.	NO	7/1/2014	8/1/2019	NA	27,198	26,290
ALD AUTOMITIVE, S.A. DE C.V.	NO	12/1/2013	3/1/2016	NA	1,769	
GRUPO DE TELECOMUNICACIONES DE ALTA CAPACIDAD	NO	11/1/2014	11/1/2022	NA	8,501	3,296
GE CAPITAL CFE MEXICO, S. DE R.L. DE C.V.	NO	11/1/2014	7/1/2019	NA	25,287	27,685
GRUPO DE TELECOMUNICACIONES DE ALTA CAPACIDAD	NO	6/1/2015	1/1/2024	NA	10,436	5,322
INTELSAT GLOBAL SALES & MARKETING, LTD.	YES	10/1/2012	9/1/2027	NA		
GRUPO DE TELECOMUNICACIONES DE ALTA CAPACIDAD	NO	8/1/2012	7/1/2021	NA		
GE CAPITAL CFE MEXICO, S. DE R.L. DE C.V.	NO	5/29/2013	7/1/2017	NA		
CISCO SYSTEMS CAPITAL CORPORATION	NO	10/10/2012	8/27/2016	NA		
TOTAL CURRENT AND NON-CURRENT LIABILITIES WITH COST				0	172,528	150,652
SUPPLIERS						
VARIOUS	NO	12/1/2015	12/31/2016	NA	12,527,422	
VARIOUS	YES	12/1/2015	12/31/2016			
TOTAL SUPPLIERS				0	12,527,422	0
OTHER CURRENT AND NON-CURRENT LIABILITIES						
VARIOUS	NO			NA	23,297,537	1,128
TRANSMISION RIGHTS	NO			NA		551,438
CUSTOMER DEPOSITS AND ADVANCES	NO			NA		335,889
2010 AND 2014 MEXICAN TAX REFORM	NO			NA		815,486

DERIVATIVE FINANCIAL INSTRUMENTS	NO	NA		
VARIOUS	YES	NA		
TRANSMISION RIGHTS	YES	NA		
OTHER CURRENT AND NON-CURRENT LIABILITIES		0	23,297,537	1,703,941
TOTAL		0	38,977,334	3,322,461

NOTES

THE EXCHANGE RATES FOR THE CREDITS DENOMINATED IN FOREIGN CURRENCY WERE AS FOLLOWS:

$ 17.2160 PESOS PER U.S. DOLLAR

DOES NOT INCLUDE TAX LIABILITIES PAYABLE IN FOREIGN CURRENCY AND MEXICAN PESOS (REF. 21050000 TAXES PAYABLE) OF PS.120,253 AND PS.2,758,583, RESPECTIVELY, FOR EFFECTS OF VALIDATION OF THE SYSTEM.

BANK LOANS AND SENIOR NOTES ARE PRESENTED NET OF UNAMORTIZED FINANCE COSTS IN THE AGGREGATE AMOUNT OF PS.1,387,876.

MONETARY FOREIGN CURRENCY POSITION
(THOUSANDS OF MEXICAN PESOS)
CONSOLIDATED
Final Printing

TRADE BALANCE (THOUSANDS OF PESOS)	DOLLARS THOUSANDS OF DOLLARS	THOUSANDS OF PESOS	OTHER CURRENCIES THOUSANDS OF DOLLARS	THOUSANDS OF PESOS	TOTAL THOUSANDS OF PESOS
MONETARY ASSETS	4,485,483	77,222,075	117,005	2,014,358	79,236,433
CURRENT	2,461,884	42,383,795	117,005	2,014,358	44,398,153
NON-CURRENT	2,023,599	34,838,280			34,838,280
LIABILITIES POSITION	4,966,594	84,263,247	35,133	604,849	84,868,096
CURRENT	385,895	6,643,568	34,768	598,565	7,242,133
NON-CURRENT	4,580,699	77,619,679	365	6,284	77,625,963
NET BALANCE	(481,111)	(7,041,172)	81,872	1,409,509	(5,631,663)

NOTES

THE EXCHANGE RATES USED FOR TRANSLATION WERE AS FOLLOWS :

PS. 17.2160 PESOS PER U.S. DOLLAR
18.7258 PESOS PER EURO
12.4577 PESOS PER CANADIAN DOLLAR
1.3259 PESOS PER ARGENTINEAN PESO
0.5748 PESOS PER URUGUAYAN PESO
0.0243 PESOS PER CHILEAN PESO
0.0054 PESOS PER COLOMBIAN PESO
5.0486 PESOS PER PERUVIAN NUEVO SOL
17.2397 PESOS PER SWISS FRANC
2.7326 PESOS PER STRONG BOLIVAR
4.3482 PESOS PER BRAZILIAN REAL
22.3774 PESOS PER STERLING LIBRA
2.6518 PESOS PER CHINESE YUAN
2.0379 PESOS PER SWEDISH KRONA

DEBT INSTRUMENTS
(THOUSANDS OF MEXICAN PESOS)
CONSOLIDATED
Final Printing

FINANCIAL RESTRICTIONS OF LONG - TERM DEBT SECURITIES

THE AGREEMENTS OF THE U.S.$500 MILLION, U.S.$600 MILLION, U.S.$300 MILLION, U.S.$300 MILLION, PS.4,500 MILLION, U.S.$600 MILLION, PS.6,500 MILLION, U.S.$1,000 MILLION AND U.S.$900

MILLION SENIOR NOTES ISSUED BY GRUPO TELEVISA, S.A.B. WITH MATURITY IN 2018, 2025, 2026, 2032, 2037, 2040, 2043, 2045 AND 2046, RESPECTIVELY, CONTAIN COVENANTS THAT LIMIT THE ABILITY OF THE COMPANY AND CERTAIN RESTRICTED SUBSIDIARIES TO INCUR OR ASSUME LIENS, PERFORM SALE AND LEASEBACK TRANSACTIONS, AND CONSUMMATE CERTAIN MERGERS, CONSOLIDATIONS AND SIMILAR TRANSACTIONS.

THE AGREEMENTS OF NOTES ("CERTIFICADOS BURSÁTILES") DUE 2020, 2021 AND 2022 IN THE AGGREGATE PRINCIPAL AMOUNT OF PS.10,000 MILLION, PS.6,000 MILLION, AND PS.5,000 MILLION, RESPECTIVELY, CONTAINS COVENANTS THAT LIMIT THE ABILITY OF THE COMPANY AND CERTAIN RESTRICTED SUBSIDIARIES TO INCUR OR ASSUME LIENS, PERFORM SALE AND LEASEBACK TRANSACTIONS, AND CONSUMMATE CERTAIN MERGERS, CONSOLIDATIONS AND SIMILAR TRANSACTIONS.

UNDER THE TERMS OF THE AGREEMENTS OF LONG-TERM CREDITS ENTERED INTO BY THE COMPANY WITH A MEXICAN BANK IN THE AGGREGATE PRINCIPAL AMOUNT OF PS.2,500 MILLION, AND MATURITIES BETWEEN 2016 AND 2018, THE COMPANY IS REQUIRED TO (A) MAINTAIN CERTAIN FINANCIAL COVERAGE RATIOS RELATED TO INDEBTEDNESS AND INTEREST EXPENSE; AND (B) COMPLY WITH A RESTRICTIVE COVENANT ON SPIN-OFFS, MERGERS AND SIMILAR TRANSACTIONS.

UNDER THE TERMS OF THE AGREEMENTS OF LONG-TERM CREDITS ENTERED INTO BY A SUBSIDIARY OF THE COMPANY WITH FOUR MEXICAN BANKS FOR AN AGGREGATE PRINCIPAL AMOUNT OF $2,709 MILLION AS OF DECEMBER 31, 2015 AND MATURITIES BETWEEN 2016 AND 2022, THIS SUBSIDIARY IS REQUIRED TO COMPLY WITH CERTAIN FINANCIAL RATIOS AND SOME RESTRICTIVE COVENANTS.

COMPLIANCE WITH FINANCIAL RESTRICTIONS

AT DECEMBER 31, 2015, THE GROUP HAS COMPLIED WITH THE FINANCIAL RESTRICTIONS OF THE CONTRACTS RELATED TO THE LONG-TERM SENIOR NOTES DESCRIBED ABOVE.

SALES DISTRIBUTION BY PRODUCT

TOTAL SALES
(THOUSANDS OF MEXICAN PESOS)
CONSOLIDATED
Final Printing

MAIN PRODUCTS	NET SALES VOLUME	AMOUNT	MARKET SHARE (%)	MAIN TRADEMARKS	CUSTOMERS
DOMESTIC SALES INTERSEGMENT ELIMINATIONS		(2,131,657)			
CONTENT:					
ADVERTISING		22,503,689			GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AT&T COMERCIALIZACIÓN MÓVIL, S. DE R.L. DE C.V. UNILEVER DE MÉXICO, S. DE R.L. DE C.V. THE CONCENTRATE MANUFACTURING COMPANY OF IRELAND TELEFONOS DE MÉXICO, S.A.B. DE C.V. COMPAÑÍA PROCTER & GAMBLE MÉXICO, S. DE R.L. DE C.V. BIMBO, S.A. DE C.V. THE COCA COLA EXPORT CORPORATION SUCURSAL EN MÉXICO ANHEUSER-BUSCH MÉXICO HOLDING, S. DE R.L. DE C.V. MARCAS NESTLÉ, S.A. DE C.V.
NETWORK SUBSCRIPTION REVENUE		2,526,170			MEGA CABLE, S.A. DE C.V.
LICENSING AND SYNDICATIONS		751,686			VARIOUS
SKY (INCLUDES LEASING OF SET-TOP EQUIPMENT).					
DTH BROADCAST SATELLITE		17,419,980		SKY	SUBSCRIBERS
PAY PER VIEW		203,251			
CHANNEL COMMERCIALIZATION)		319,585	(383		

(533
)

(916
)

(40
)

(2,029
)
Provision

(716
)

(1,055
)

(923
)

3,562

(168
)

700

Ending balance

$
17,999

$
28,111

$
6,666

$
58,651

$
671

$
112,098

30

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The following table presents impairment method information related to loans and allowance for credit losses by loan portfolio segment:

	Commercial Real Estate-Owner Occupied (in thousands)	Commercial Real Estate-Non-Owner Occupied	Commercial and Industrial	Residential Real Estate	Construction and Land Development	Commercial Leases	Consumer	Total Loans
Loans as of March 31, 2016:								
Recorded Investment:								
Impaired loans with an allowance recorded	$654	$ 5,381	$3,257	$264	$—	$—	$20	$9,576
Impaired loans with no allowance recorded	19,967	26,445	17,895	14,767	17,784	334	299	97,491
Total loans individually evaluated for impairment	20,621	31,826	21,152	15,031	17,784	334	319	107,067
Loans collectively evaluated for impairment	1,998,069	2,204,100	5,217,038	284,540	1,162,139	137,422	33,381	11,036,689
Loans acquired with deteriorated credit quality	13,638	55,043	2,596	2,827	—	—	—	74,104
Total recorded investment	$2,032,328	$ 2,290,969	$5,240,786	$302,398	$1,179,923	$137,756	$33,700	$11,217,860
Unpaid Principal Balance								
Impaired loans with an allowance recorded	$654	$ 5,381	$3,509	$319	$—	$—	$20	$9,883
Impaired loans with no allowance recorded	63,301	52,673	84,295	42,811	84,658	2,667	3,909	334,314
Total loans individually evaluated for impairment	63,955	58,054	87,804	43,130	84,658	2,667	3,929	344,197
Loans collectively evaluated for impairment	1,998,069	2,204,100	5,217,038	284,540	1,162,139	137,422	33,381	11,036,689
	18,070	78,239	9,245	3,345	—	—	—	108,899

Loans acquired with deteriorated credit quality								
Total unpaid principal balance	$2,080,094	$ 2,340,393	$5,314,087	$331,015	$1,246,797	$140,089	$37,310	$11,489,785
Related Allowance for Credit Losses								
Impaired loans with an allowance recorded	$653	$ 480	$1,422	$74	$—	$—	$1	$2,630
Impaired loans with no allowance recorded	—	—	—	—	—	—	—	—
Total loans individually evaluated for impairment	653	480	1,422	74	—	—	1	2,630
Loans collectively evaluated for impairment	10,562	11,409	67,766	4,863	19,425	1,658	604	116,287
Loans acquired with deteriorated credit quality	—	—	310	—	—	—	—	310
Total allowance for credit losses	$11,215	$ 11,889	$69,498	$4,937	$19,425	$1,658	$605	$119,227

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	Commercial Real Estate-Owner Occupied (in thousands)	Commercial Real Estate-Non-Owner Occupied	Commercial and Industrial	Residential Real Estate	Construction and Land Development	Commercial Leases	Consumer	Total Loans
Loans as of December 31, 2015:								
Recorded Investment:								
Impaired loans with an allowance recorded	$2,778	$ 2,344	$18,230	$914	$—	$—	$21	$24,287
Impaired loans with no allowance recorded	20,375	38,737	8,283	15,661	18,322	2,896	313	104,587
Total loans individually evaluated for impairment	23,153	41,081	26,513	16,575	18,322	2,896	334	128,874
Loans collectively evaluated for impairment	2,044,934	2,180,250	5,085,299	303,372	1,115,117	145,597	26,571	10,901,140
Loans acquired with deteriorated credit quality	15,198	62,205	2,445	2,992	—	—	—	82,840
Total recorded investment	$2,083,285	$ 2,283,536	$5,114,257	$322,939	$1,133,439	$148,493	$26,905	$11,112,854
Unpaid Principal Balance								
Impaired loans with an allowance recorded	$2,778	$ 2,344	$19,233	$969	$—	$—	$21	$25,345
Impaired loans with no allowance recorded	63,709	61,692	71,773	44,142	82,800	5,229	3,923	333,268
Total loans individually evaluated for impairment	66,487	64,036	91,006	45,111	82,800	5,229	3,944	358,613
Loans collectively evaluated for impairment	2,044,934	2,180,250	5,085,299	303,372	1,115,117	145,597	26,571	10,901,140
	20,227	88,181	7,820	3,536	—	—	—	119,764

Loans acquired with deteriorated credit quality								
Total unpaid principal balance	$2,131,648	$ 2,332,467	$5,184,125	$352,019	$1,197,917	$150,826	$30,515	$11,379,517
Related Allowance for Credit Losses								
Impaired loans with an allowance recorded	$858	$ 11	$3,518	$270	$—	$—	$1	$4,658
Impaired loans with no allowance recorded	—	—	—	—	—	—	—	—
Total loans individually evaluated for impairment	858	11	3,518	270	—	—	1	4,658
Loans collectively evaluated for impairment	10,953	11,302	65,806	5,008	18,976	1,857	472	114,374
Loans acquired with deteriorated credit quality	—	36	—	—	—	—	—	36
Total allowance for credit losses	$11,811	$ 11,349	$69,324	$5,278	$18,976	$1,857	$473	$119,068

Troubled Debt Restructurings

A TDR loan is a loan on which the Company, for reasons related to a borrower’s financial difficulties, grants a concession to the borrower that the Company would not otherwise consider. The loan terms that have been modified or restructured due to a borrower’s financial situation include, but are not limited to, a reduction in the stated interest rate, an extension of the maturity or renewal of the loan at an interest rate below current market, a reduction in the face amount of the debt, a reduction in the accrued interest, or deferral of interest payments. The majority of the Company's modifications are extensions in terms or deferral of payments which result in no lost principal or interest followed by reductions in interest rates or accrued interest. A TDR loan is also considered impaired. Consistent with regulatory guidance, a TDR loan that is subsequently modified in another restructuring agreement but has shown sustained performance and classification as a TDR, will be removed from TDR status provided that the modified terms were market-based at the time of modification.

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The Company did not have any new TDR loans during the three months ended March 31, 2016 and 2015.
The following table presents TDR loans by class for which there was a payment default during the period:

	Three Months Ended March 31,			
	2016		2015	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
	(dollars in thousands)			
Commercial real estate				
Owner occupied	—	$ —	—	$ —
Non-owner occupied	1	5,381	—	—
Multi-family	—	—	—	—
Commercial and industrial				
Commercial	—	—	—	—
Leases	—	—	—	—
Construction and land development				
Construction	—	—	1	137
Land	—	—	—	—
Residential real estate	—	—	—	—
Consumer	—	—	—	—
Total	1	$ 5,381	1	$ 137

A TDR loan is deemed to have a payment default when it becomes past due 90 days, goes on non-accrual, or is restructured again. Payment defaults, along with other qualitative indicators, are considered by management in the determination of the allowance for credit losses.

At March 31, 2016 and December 31, 2015, there was $0.1 million in loan commitments outstanding on TDR loans.

Loan Purchases and Sales

For the three months ended March 31, 2016 and 2015, secondary market loan purchases totaled $33.8 million and $18.4 million, respectively. For 2016, these purchased loans consisted of commercial and industrial loans. For 2015, these purchased loans consisted of $11.0 million of commercial and industrial loans, $6.0 million of commercial real estate loans, and $1.4 million in commercial leases.

During the three months ended March 31, 2016, the Company sold loans, which consisted primarily of commercial real estate and commercial and industrial loans, with a carrying value of $23.8 million and recognized a gain of $2.5 million on the sales. During the three months ended March 31, 2015, the Company sold loans with a carrying value of $10.0 million and recognized a gain of $0.2 million.

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4. OTHER ASSETS ACQUIRED THROUGH FORECLOSURE

The following table represents the changes in other assets acquired through foreclosure:

	Three Months Ended March 31, 2016		
	Gross Balance	Valuation Allowance	Net Balance
	(in thousands)		
Balance, beginning of period	$52,984	$(9,042)	$43,942
Transfers to other assets acquired through foreclosure, net	10,638	—	10,638
Proceeds from sale of other real estate owned and repossessed assets, net	(2,436)	295	(2,141)
Valuation adjustments, net	—	177	177
Gains, net (1)	160	—	160
Balance, end of period	$61,346	$(8,570)	$52,776
	Three Months Ended March 31, 2015		
Balance, beginning of period	$71,421	$(14,271)	$57,150
Transfers to other assets acquired through foreclosure, net	7,720	—	7,720
Proceeds from sale of other real estate owned and repossessed assets, net	(2,288)	848	(1,440)
Valuation adjustments, net	—	(786)	(786)
Gains, net (1)	1,115	—	1,115
Balance, end of period	$77,968	$(14,209)	$63,759

(1) Includes net gains related to initial transfers to other assets of zero and $0.6 million during the three months ended March 31, 2016 and 2015, respectively, pursuant to accounting guidance.

At March 31, 2016, and 2015, the majority of the Company's repossessed assets consisted of properties located in Nevada. The Company held 37 properties at March 31, 2016, compared to 39 at December 31, 2015, and 68 at March 31, 2015.

5. OTHER BORROWINGS

The following table summarizes the Company's borrowings as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
	(in thousands)	
Short-Term:		
Federal funds purchased	$200	$ —
FHLB advances	—	150,000
Total short-term borrowings	$200	$ 150,000

The Company maintains other lines of credit with correspondent banks totaling $170.0 million, of which $25.0 million is secured by pledged securities and has a floating interest rate of one-month or three-month LIBOR plus 1.50%. The remaining $145.0 million is unsecured. As of March 31, 2016, there was $0.2 million outstanding on these lines of credit at an interest rate of 1.38%. There were no outstanding balances on these lines of credit as of December 31, 2015.

The Company maintains lines of credit with the FHLB and the FRB. The Company's borrowing capacity is determined based on collateral pledged, generally consisting of investment securities and loans, at the time of the borrowing. At March 31, 2016, there were no short-term FHLB advances. At December 31, 2015, short-term FHLB advances of $150.0 million had a weighted average interest rate of 0.36%.

As of March 31, 2016 and December 31, 2015, the Company had additional available credit with the FHLB of approximately $1.50 billion and $1.54 billion, respectively, and with the FRB of approximately $1.26 billion and $1.21 billion, respectively.

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6. QUALIFYING DEBT

Subordinated Debt

The Company has $150.0 million of subordinated debt outstanding, which was recorded net of debt issuance costs of $1.8 million, and matures July 15, 2025. The subordinated debt has a fixed interest rate of 5.00% through June 30, 2020 and then converts to a variable rate of 3.20% plus three-month LIBOR through maturity. The carrying value of subordinated debt also includes the effective portion of related hedges and totals $153.2 million at March 31, 2016.

Junior Subordinated Debt

The Company has formed or acquired through acquisitions eight statutory business trusts, which exist for the exclusive purpose of issuing Cumulative Trust Preferred Securities.

With the exception of debt issued by Bridge Capital Trust I and Bridge Capital Trust II, junior subordinated debt is recorded at fair value at each reporting date due to the FVO election made by the Company under ASC 825. The Company did not make the FVO election for the Bridge junior subordinated debt. Accordingly, the carrying value of these trusts at each future reporting date will not reflect the current fair value of the debt. The carrying value of junior subordinated debt was $57.2 million and $58.4 million at March 31, 2016 and December 31, 2015, respectively.

The weighted average interest rate of all junior subordinated debt as of March 31, 2016 was 2.97%, which is three-month LIBOR plus the contractual spread of 2.34%, compared to a weighted average interest rate of 2.95% at December 31, 2015.

7. STOCKHOLDERS' EQUITY

Common Stock Issuance

Under ATM Distribution Agreement

On June 4, 2014, the Company entered into a distribution agency agreement with Credit Suisse Securities (USA) LLC, under which the Company may sell shares of its common stock up to an aggregate offering price of $100.0 million on the New York Stock Exchange. The parties executed an Amended and Restated Distribution Agency Agreement on October 30, 2014. The Company pays Credit Suisse Securities (USA) LLC a mutually agreed rate, not to exceed 2% of the gross offering proceeds of the shares. The common stock will be sold at prevailing market prices at the time of the sale or at negotiated prices and, as a result, prices will vary.

Sales in the ATM offering were previously being made pursuant to a prospectus dated May 14, 2012 and a prospectus supplement filed with the SEC on June 4, 2014, in connection with one or more offerings of shares from the Company's shelf registration statement on Form S-3 (No. 333-181128), which expired on May 14, 2015. On May 7, 2015, the Company filed with the SEC a new shelf registration statement on Form S-3 (No. 333-203959). During the three months ended March 31, 2016 and 2015, there were no sales under the ATM offering.

Stock-Based Compensation

Restricted Stock Awards

For the three months ended March 31, 2016, 376,665 shares of restricted stock awards were granted to employees that generally vest over a three-year period. For the three months ended March 31, 2016, 63,000 shares of restricted stock were granted to non-employee WAL directors that will be fully vested at June 30, 2016. The Company estimates the compensation cost for stock grants based upon the grant date fair value. Stock compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. The aggregate grant date fair value for the restricted stock awards granted was $11.8 million. For three months ended March 31, 2016, the Company recognized $3.8 million in stock-based compensation expense related to all restricted stock award grants, including those assumed as part of the Bridge acquisition, compared to $2.5 million in 2015.

In addition, the Company granted 54,329 shares of restricted stock to certain members of executive management that have both performance and service conditions that affect vesting. The performance condition was based on achieving an EPS target for fiscal year 2016 and, if this target is met, the restricted stock will vest over a three-year service period. The grant date fair value of the awards was $1.7 million. For each of the three months ended March 31, 2016 and 2015, the Company recognized $0.1 million in stock-based compensation expense related to these performance-based restricted stock grants.

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Performance Stock Units

The Company grants members of its executive management committee performance stock units that do not vest unless the Company achieves a specified cumulative EPS target over a three-year performance period. The number of shares issued will vary based on the cumulative EPS target that is achieved. The Company estimates the cost of performance stock units based upon the grant date fair value and expected vesting percentage over the three-year performance period. For the three months ended March 31, 2016, the Company recognized $1.2 million in stock-based compensation expense related to these performance stock units, compared to $1.0 million in stock-based compensation expense for such units in 2015.

The three-year performance period for the 2013 grant ended on December 31, 2015, and the Company's cumulative EPS for the performance period exceeded the level required for a maximum award under the terms of the grant. As a result on February 17, 2016, executive management committee members were granted 308,400 of fully vested common shares.

As of March 31, 2016, outstanding performance stock unit grants made in 2014 and 2015 are expected to pay out at the maximum award amount, which is equivalent to 409,800 common shares with a grant date fair value of $10.4 million. In January 2016, performance stock units were granted to executive management committee members with cumulative target awards equivalent to 109,704 shares of common stock. Assuming a 100% vesting percentage for the 2016 performance stock units, the grant date fair value of the awards was $3.4 million.

Stock Options

The Company's stock option awards consist of those awards assumed as part of the Bridge acquisition. During the three months ended March 31, 2016, the Company recognized $0.2 million in compensation expense related to these awards. There were no stock option awards granted by the Company during the three months ended March 31, 2016 and 2015.

Treasury Shares

The Company purchased 290,432 treasury shares at a weighted average price of $30.81 per share and 252,893 treasury shares at a weighted average price of $27.24 per share during the three months ended March 31, 2016 and 2015, respectively.

8. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table summarizes the changes in accumulated other comprehensive income (loss) by component, net of tax, for the periods indicated:

	Unrealized holding gains (losses) on AFS	Unrealized holding gains (losses) on SERP	Unrealized holding gains (losses) on junior subordinated debt	Impairment loss on securities	Total
	(in thousands)				
Balance, December 31, 2015	$9,993	$ 90	$ 12,033	$ 144	$22,260
Other comprehensive income before reclassifications	11,019	6	759	—	11,784
Amounts reclassified from accumulated other comprehensive income	(711)	—	—	—	(711)
Net current-period other comprehensive income	10,308	6	759	—	11,073
Balance, March 31, 2016	$20,301	$ 96	$ 12,792	$ 144	$33,333
Balance, January 1, 2015	16,495	—	16,309	144	32,948
Other comprehensive income before reclassifications	7,153	—	(194)	—	6,959
Amounts reclassified from accumulated other comprehensive income	(369)	—	—	—	(369)
Net current-period other comprehensive (loss) income	6,784	—	(194)	—	6,590

Balance, March 31, 2015	$23,279	$ —	$ 16,115	$ 144	$39,538

The following table presents reclassifications out of accumulated other comprehensive income:

Income Statement Classification	Three Months Ended March 31, 2016	2015
	(in thousands)	
Gain (loss) on sales of investment securities, net	$1,001	$589
Income tax (expense) benefit	(290)	(220)
Net of tax	$711	$369

9. DERIVATIVES AND HEDGING ACTIVITIES

The Company is a party to various derivative instruments through its subsidiary, WAB. Derivative instruments are contracts between two or more parties that have a notional amount and an underlying variable, require a small or no initial investment, and allow for the net settlement of positions. A derivative's notional amount serves as the basis for the payment provision of the contract and takes the form of units, such as shares or dollars. A derivative's underlying variable is a specified interest rate, security price, commodity price, foreign exchange rate, index, or other variable. The interaction between the notional amount and the underlying variable determines the number of units to be exchanged between the parties and influences the fair value of the derivative contract.

The primary type of derivatives that the Company uses are interest rate swaps. Generally, these instruments are used to help manage the Company's exposure to interest rate risk and meet client financing and hedging needs.

Derivatives are recorded at fair value in the Consolidated Balance Sheets, after taking into account the effects of bilateral collateral and master netting agreements. These agreements allow the Company to settle all derivative contracts held with the same counterparty on a net basis, and to offset net derivative positions with related cash collateral, where applicable.

As of March 31, 2016, December 31, 2015, and March 31, 2015, the Company does not have any significant outstanding cash flow hedges or free-standing derivatives.

Derivatives Designated in Hedge Relationships

The Company utilizes derivatives that have been designated as part of a hedge relationship in accordance with the applicable accounting guidance to minimize the exposure to changes in benchmark interest rates and volatility of net interest income and EVE to interest rate fluctuations. The primary derivative instruments used to manage interest rate risk are interest rate swaps, which convert the contractual interest rate index of agreed-upon amounts of assets and liabilities (i.e., notional amounts) to another interest rate index.

The Company designates its "pay fixed/receive variable" interest rate swaps as fair value hedges. These contracts convert certain fixed-rate long-term loan assets into variable-rate assets, thereby modifying the Company's exposure to changes in interest rates. As a result, the Company receives variable-rate interest payments in exchange for making fixed-rate payments over the lives of the contracts without exchanging the notional amounts.

The Company entered into a "pay variable/receive fixed" interest rate swap agreement, designated as a fair value hedge, to hedge the interest rate exposure on its fixed rate subordinated debt. As a result, the Company is paying a floating rate of three month LIBOR plus 3.16% and is receiving semi-annual fixed payments of 5.00% to match the payments on the debt.

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Fair Values, Volume of Activity, and Gain/Loss Information Related to Derivative Instruments

The following table summarizes the fair values of the Company's derivative instruments on a gross and net basis as of March 31, 2016, December 31, 2015, and March 31, 2015. The change in the notional amounts of these derivatives from December 31, 2015 to March 31, 2016 indicates the volume of the Company's derivative transaction activity during these periods. The derivative asset and liability balances are presented on a gross basis, prior to the application of bilateral collateral and master netting agreements. Total derivative assets and liabilities are adjusted to take into account the impact of legally enforceable master netting agreements that allow the Company to settle all derivative contracts with the same counterparty on a net basis and to offset the net derivative position with the related collateral. Where master netting agreements are not in effect or are not enforceable under bankruptcy laws, the Company does not adjust those derivative amounts with counterparties. The fair value of derivative contracts, after taking into account the effects of master netting agreements, is included in other assets or other liabilities in the Consolidated Balance Sheets, as indicated in the following table:

	March 31, 2016			December 31, 2015			March 31, 2015		
		Fair Value			Fair Value			Fair Value	
	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities
	(in thousands)								
Derivatives designated as hedging instruments:									
Fair value hedges									
Interest rate swaps	$797,304	$4,733	$ 88,981	$800,478	$3,569	$ 64,785	$670,942	$7	$ 73,049
Total	797,304	4,733	88,981	800,478	3,569	64,785	670,942	7	73,049
Netting adjustments (1)	—	—	—	—	—	—	—	—	—
Net derivatives in the balance sheet	$797,304	$4,733	$ 88,981	$800,478	$3,569	$ 64,785	$670,942	$7	$ 73,049

(1) Netting adjustments represent the amounts recorded to convert derivative balances from a gross basis to a net basis in accordance with the applicable accounting guidance.

Fair value hedges

An assessment of effectiveness is performed at initiation of a hedge and on a quarterly basis thereafter. All of the Company's fair value hedges remained “highly effective” as of March 31, 2016, December 31, 2015, and March 31, 2015.

The following table summarizes the pre-tax net gains (losses) on fair value hedges for three months ended March 31, 2016 and 2015, which are recorded in other non-interest income in the income statement.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Hedge of Fixed Rate Loans (a)		
Loss on "pay fixed" swap	$(24,197)	$(73,049)
Gain on receive fixed rate loans	24,197	72,375
Net ineffectiveness	$—	$(674)
Hedge of Fixed Rate Subordinated Debt (a)		
Gain on "receive fixed" swap	$1,164	$—
Loss on subordinated debt	(1,164)	—
Net ineffectiveness	$—	$—

(a) The fair value of derivatives contracts are carried as other assets and other liabilities in the Consolidated Balance Sheets. The effective portion of hedging gains (losses) is recorded as basis adjustments to the underlying hedged asset or liability. Gains and losses on both the hedging derivative and hedged item are recorded through non-interest expense with a resulting net income impact for the amount of ineffectiveness.

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Counterparty Credit Risk

Like other financial instruments, derivatives contain an element of credit risk. This risk is measured as the expected positive replacement value of the contracts. Management generally enters into bilateral collateral and master netting agreements that provide for the net settlement of all contracts with the same counterparty. Additionally, management monitors counterparty credit risk exposure on each contract to determine appropriate limits on the Company's total credit exposure across all product types. In general, the Company has a zero credit threshold with regard to derivative exposure with counterparties. Management reviews the Company's collateral positions on a daily basis and exchanges collateral with counterparties in accordance with standard ISDA documentation and other related agreements. The Company generally holds collateral in the form of highly rated securities issued by the U.S. Treasury or government-sponsored enterprises, such as GNMA, FNMA, and FHLMC. The total collateral netted against net derivative liabilities totaled $85.0 million at March 31, 2016, $61.7 million at December 31, 2015, and $69.7 million at March 31, 2015.

The following table summarizes the Company's largest exposure to an individual counterparty at the dates indicated:

	March 31, 2016	December 31, 2015	March 31, 2015
	(in thousands)		
Largest gross exposure (derivative asset) to an individual counterparty	$4,733	$ 3,569	$ 7
Collateral posted by this counterparty	4,292	4,680	—
Derivative liability with this counterparty	—	—	—
Collateral pledged to this counterparty	—	1,340	—
Net exposure after netting adjustments and collateral	$441	$ 229	$ 7

Credit Risk Contingent Features

Management has entered into certain derivative contracts that require the Company to post collateral to the counterparties when these contracts are in a net liability position. Conversely, the counterparties may post collateral when these contracts are in a net asset position. The amount of collateral to be posted is based on the amount of the net liability and exposure thresholds. As of March 31, 2016, December 31, 2015, and March 31, 2015 the aggregate fair value of all derivative contracts with credit risk contingent features (i.e., those containing collateral posting provisions) held by the Company that were in a net liability position totaled $89.0 million, $64.8 million, and $73.0 million, respectively. As of March 31, 2016, the Company was in an over-collateralized net position of $9.2 million after considering $94.1 million of collateral held in the form of securities. As of December 31, 2015 and March 31, 2015, the Company was in an over-collateralized position of $15.5 million and $13.6 million, respectively.

10. EARNINGS PER SHARE

Diluted EPS is based on the weighted average outstanding common shares during each period, including common stock equivalents. Basic EPS is based on the weighted average outstanding common shares during the period.

The following table presents the calculation of basic and diluted EPS:

	Three Months Ended March 31,	
	2016	2015
	(in thousands, except per share amounts)	
Weighted average shares - basic	101,895	87,941
Dilutive effect of stock awards	643	511
Weighted average shares - diluted	102,538	88,452
Net income available to common stockholders	$ 61,332	$ 40,207
Earnings per share - basic	0.60	0.46
Earnings per share - diluted	0.60	0.45

The Company had no anti-dilutive stock options outstanding at each of the periods ended March 31, 2016 and 2015.

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11. INCOME TAXES

The effective tax rate for the three months ended March 31, 2016 was 24.14%, compared to 26.06% for the three months ended March 31, 2015. The decrease in the effective tax rate is primarily due to the inclusion of excess stock compensation benefits in income tax expense resulting from the early adoption of ASU 2016-09, Improvements to Employee Share-Based Payment Accounting.

Deferred tax assets and liabilities are included in the Consolidated Financial Statements at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be reversed. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

For the three months ended March 31, 2016, the net deferred tax assets decreased $12.4 million to $74.0 million. This overall decrease in the net deferred tax asset was primarily the result of decreases to deferred tax assets from a change in fair market value of junior subordinated debt and AFS securities, vesting of stock-based compensation awards, and fair market value adjustments related to acquired loans.

Although realization is not assured, the Company believes that the realization of the recognized deferred tax asset of $74.0 million at March 31, 2016 is more-likely-than-not based on expectations as to future taxable income and based on available tax planning strategies within the meaning of ASC 740, Income Taxes, that could be implemented if necessary to prevent a carryover from expiring.

At each of the periods ended March 31, 2016 and December 31, 2015, the Company had no deferred tax valuation allowance.

The deferred tax asset related to federal and state NOL carryovers outstanding at March 31, 2016 and December 31, 2015 available to reduce the tax liability in future years totaled $9.2 million and $9.3 million, respectively. The respective $9.2 million and $9.3 million of tax benefits relate entirely to federal NOL carryovers (subject to an annual limitation imposed by IRC Section 382). The Company’s ability to use federal NOL carryovers, as well as its ability to use certain future tax deductions called NUBILs associated with the Company's acquisitions is subject to annual limitations. In management’s opinion, it is more-likely-than-not that the results of future operations will generate sufficient taxable income to realize all of the deferred tax benefits related to these NOL carryovers and NUBILs.

At each of the periods ended March 31, 2016 and December 31, 2015, the total amount of unrecognized tax benefits, net of associated deferred tax benefit, that would impact the effective tax rate, if recognized, was $0.7 million.

Interest and penalties related to unrecognized tax benefits are recognized in the provision for income taxes. During each of the three months ended March 31, 2016 and 2015, the Company recognized as part of its provision for income taxes, no amounts for penalties associated with unrecognized tax benefits and no amounts for interest.

At each of the periods ended March 31, 2016 and December 31, 2015, the Company has accrued a $0.1 million liability for penalties and a $0.1 million liability for interest.

Investments in LIHTC

The Company invests in LIHTC funds that are designed to generate a return primarily through the realization of federal tax credits.

Investments in LIHTC and unfunded LIHTC obligations are included as part of other assets and other liabilities, respectively, in the Consolidated Balance Sheets and total $175.3 million and $81.4 million, respectively, as of March 31, 2016, compared to $152.7 million and $61.2 million as of December 31, 2015. For the three months ended March 31, 2016 and 2015, $4.4 million and $3.4 million, respectively, of amortization related to LIHTC investments was recognized as a component of income tax expense.

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12. COMMITMENTS AND CONTINGENCIES
Unfunded Commitments and Letters of Credit
The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. They involve, to varying degrees, elements of credit risk in excess of amounts recognized in the Consolidated Balance Sheets.
Lines of credit are obligations to lend money to a borrower. Credit risk arises when the borrower's current financial condition may indicate less ability to pay than when the commitment was originally made. In the case of standby letters of credit, the risk arises from the potential failure of the customer to perform according to the terms of a contract. In such a situation, the third party might draw on the standby letter of credit to pay for completion of the contract and the Company would look to its customer to repay these funds with interest. To minimize the risk, the Company uses the same credit policies in making commitments and conditional obligations as it would for a loan to that customer.
Standby letters of credit and financial guarantees are commitments issued by the Company to guarantee the performance of a customer to a third party in borrowing arrangements. The Company generally has recourse to recover from the customer any amounts paid under the guarantees. Typically, letters of credit issued have expiration dates within one year.
A summary of the contractual amounts for unfunded commitments and letters of credit are as follows:

	March 31, 2016	December 31, 2015
	(in thousands)	
Commitments to extend credit, including unsecured loan commitments of $364,454 at March 31, 2016 and $341,374 at December 31, 2015	$3,813,930	$ 3,624,578
Credit card commitments and financial guarantees	56,106	57,966
Standby letters of credit, including unsecured letters of credit of $5,806 at March 31, 2016 and $4,257 at December 31, 2015	48,809	50,659
Total	$3,918,845	$ 3,733,203

Commitments to extend credit are agreements to lend to a customer provided that there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Company enters into credit arrangements that generally provide for the termination of advances in the event of a covenant violation or other event of default. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management’s credit evaluation of the party. The commitments are collateralized by the same types of assets used as loan collateral.
The Company has exposure to credit losses from unfunded commitments and letters of credit. As funds have not been disbursed on these commitments, they are not reported as loans outstanding. Credit losses related to these commitments are not included in the allowance for credit losses reported in "Note 3. Loans, Leases and Allowance for Credit Losses" of these Consolidated Financial Statements and are accounted for as a separate loss contingency. This loss contingency for unfunded loan commitments and letters of credit was $3.7 million and $3.3 million as of March 31, 2016 and December 31, 2015, respectively. Changes to this liability are adjusted through non-interest expense.

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Concentrations of Lending Activities

The Company’s lending activities are driven in large part by the customers served in the market areas where the Company has branch offices in the states of Arizona, Nevada, and California. Despite the geographic concentration of lending activities, the Company does not have a single external customer from which it derives 10% or more of its revenues. The Company monitors concentrations within four broad categories: geography, industry, product, and collateral. The Company's loan portfolio includes significant credit exposure to the CRE market. As of each of the periods ended March 31, 2016 and December 31, 2015, CRE related loans accounted for approximately 49% of total loans. Substantially all of these loans are secured by first liens with an initial loan to value ratio of generally not more than 75%. Approximately 47% and 48% of these CRE loans, excluding construction and land loans, were owner-occupied at March 31, 2016 and December 31, 2015, respectively.

Contingencies

The Company is involved in various lawsuits of a routine nature that are being handled and defended in the ordinary course of the Company’s business. Expenses are being incurred in connection with these lawsuits, but in the opinion of management, based in part on consultation with outside legal counsel, the resolution of these lawsuits and associated defense costs will not have a material impact on the Company’s financial position, results of operations, or cash flows.

Lease Commitments

The Company leases the majority of its office locations and many of these leases contain multiple renewal options and provisions for increased rents. Total rent expense of $2.5 million and $1.6 million for three months ended March 31, 2016 and 2015, respectively, was included in occupancy expense.

13. FAIR VALUE ACCOUNTING

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. ASC 825 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 825 are described in "Note 1. Summary of Significant Accounting Policies" of these Notes to Unaudited Consolidated Financial Statements.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company’s creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company’s valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company’s valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein. A more detailed description of the valuation methodologies used for assets and liabilities measured at fair value is set forth below. Transfers between levels in the fair value hierarchy are recognized as of the end of the month following the event or change in circumstances that caused the transfer.

Under ASC 825, the Company elected the FVO treatment for certain junior subordinated debt issuances. This election is irrevocable and results in the recognition of unrealized gains and losses on these items in earnings at each reporting date.

All securities for which the fair value measurement option had been elected are included in a separate line item in the Consolidated Balance Sheets as securities measured at fair value.

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For the three months ended March 31, 2016, and 2015 securities gains and losses from fair value changes were as follows:

	Changes in Fair Values for Items Measured at Fair Value Pursuant to Election of the Fair Value Option				
	Unrealized Gain/(Loss) on Assets and Liabilities Measured at Fair Value, Net	Interest Income on Securities	Interest Expense on Junior Subordinated Debt	Total Changes Included in Current-Period Earnings	Total Changes Included in OCI
	(in thousands)				
Three Months Ended March 31, 2016					
Securities measured at fair value	$(5)	$ —	$ —	$ (5)	$ —
Junior subordinated debt	1,212	—	(680)	(680)	(759)
Total	$1,207	$ —	$ (680)	$ (685)	$ (759)
Three Months Ended March 31, 2015					
Securities measured at fair value	$(5)	$ —	$ —	$ (5)	$ —
Junior subordinated debt	(309)	—	(441)	(441)	194
Total	$(314)	$ —	$ (441)	$ (446)	$ 194

There were no net gains or losses recognized during the three months ended March 31, 2016 and 2015 on trading securities sold during the period.

Interest income on securities measured at fair value is accounted for similarly to those classified as AFS. Any premiums or discounts are recognized in interest income over the term of the securities. For MBS, estimates of prepayments are considered in the constant yield calculations. Interest expense on junior subordinated debt is also determined under a constant yield calculation.

Fair value on a recurring basis

Financial assets and financial liabilities measured at fair value on a recurring basis include the following:

Securities measured at fair value: All of the Company’s securities measured at fair value, which consist of MBS, are reported at fair value utilizing Level 2 inputs in the same manner as described below for AFS securities.

AFS securities: Preferred stock and CRA investments are reported at fair value utilizing Level 1 inputs. With the exception of CDO securities, other securities classified as AFS are reported at fair value utilizing Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the bond’s terms and conditions, among other things. The Company estimates the fair value of CDO securities utilizing Level 3 inputs, which include pricing indications from comparable securities.

Independent pricing service: The Company's independent pricing service provides pricing information on Level 1, 2, and 3 securities, and represents the pricing source for the majority of the portfolio. Management independently evaluates the fair value measurements received from the Company's third party pricing service through multiple review steps. First, management reviews what has transpired in the marketplace with respect to interest rates, credit spreads, volatility, and mortgage rates, among other things, and develops an expectation of changes to the securities' valuations from the previous quarter. Then, management obtains market values from additional sources. The pricing service provides management with observable market data including interest rate curves and mortgage prepayment speed grids, as well as dealer quote sheets, new bond offering sheets, and historical trade documentation. Management reviews the assumptions and decides whether they are reasonable. Management may compare interest rates, credit

spreads, and prepayments speeds used as part of the assumptions to those that management believes are reasonable. Management may price securities using the provided assumptions to determine whether they can develop similar prices on like securities. Any discrepancies between management's review and the prices provided by the vendor are discussed with the vendor and the Company's other valuation advisors. Lastly, management selects a sample of investment securities and compares the values provided by its primary third party pricing service to the market values obtained from secondary sources and evaluates those with notable variances.

Annually, the Company receives an SSAE 16 report from its independent pricing service attesting to the controls placed on the operations of the service from its auditor.

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Interest rate swaps: Interest rate swaps are reported at fair value utilizing Level 2 inputs. The Company obtains dealer quotations to value its interest rate swaps.
Junior subordinated debt: The Company estimates the fair value of its junior subordinated debt using a discounted cash flow model which incorporates the effect of the Company's own credit risk in the fair value of the liabilities (Level 3). The Company's cash flow assumptions are based on contractual cash flows as the Company anticipates that it will pay the debt according to its contractual terms.
As of March 31, 2016, the Company estimated the discount rate at 5.93%, which represents an implied credit spread of 5.30% plus three-month LIBOR (0.63%). As of December 31, 2015, the Company estimated the discount rate at 5.67%, which was a 5.06% credit spread plus three-month LIBOR (0.61%).
The fair value of assets and liabilities measured at fair value on a recurring basis was determined using the following inputs as of the periods presented:

	Fair Value Measurements at the End of the Reporting Period Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
	(in thousands)			
March 31, 2016				
Assets:				
Measured at fair value				
Residential MBS issued by GSEs	$—	$1,381	$ —	$1,381
Available-for-sale				
Collateralized debt obligations	$—	$—	$ 9,076	$9,076
Commercial MBS issued by GSEs	—	19,509	—	19,509
Corporate debt securities	—	13,364	—	13,364
CRA investments	35,089	—	—	35,089
Municipal obligations	—	343,033	—	343,033
Preferred stock	85,232	—	—	85,232
Private label commercial MBS	—	3,882	—	3,882
Private label residential MBS	—	343,727	—	343,727
Residential MBS issued by GSEs	—	1,135,576	—	1,135,576
Trust preferred securities	—	21,794	—	21,794
U.S. treasury securities	2,538	—	—	2,538
Total AFS securities	$122,859	$1,880,885	$ 9,076	$2,012,820
Loans - HFS	$—	$23,603	$ —	$23,603
Derivative assets (1)	—	4,733	—	4,733
Liabilities:				
Junior subordinated debt (2)	$—	$—	$ 45,716	$45,716
Derivative liabilities (1)	—	88,981	—	88,981

(1) Derivative assets and liabilities relate to interest rate swaps, see "Note 9. Derivatives and Hedging Activities." In addition, the carrying value of loans includes a net positive value of $88,381 and the net carrying value of subordinated debt includes a net negative value of $4,733 as of March 31, 2016, which relates to the effective portion of the hedges put in place to mitigate against fluctuations in interest rates.

(2)

Includes only the portion of junior subordinated debt that is recorded at fair value at each reporting period pursuant to the election of FVO treatment.

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	Fair Value Measurements at the End of the Reporting Period Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
	(in thousands)			
December 31, 2015				
Assets:				
Measured at fair value				
Residential MBS issued by GSEs	$ —	$ 1,481	$ —	$ 1,481
Available-for-sale				
Collateralized debt obligations	$ —	$ —	$ 10,060	$ 10,060
Commercial MBS issued by GSEs	—	19,114	—	19,114
Corporate debt securities	—	13,251	—	13,251
CRA investments	34,685	—	—	34,685
Municipal obligations	—	334,830	—	334,830
Preferred stock	111,236	—	—	111,236
Private label commercial MBS	—	4,691	—	4,691
Private label residential MBS	—	257,128	—	257,128
Residential MBS issued by GSEs	—	1,170,221	—	1,170,221
Trust preferred securities	—	24,314	—	24,314
U.S. treasury securities	2,993	—	—	2,993
Total AFS securities	$ 148,914	$ 1,823,549	$ 10,060	$ 1,982,523
Loans - HFS	$ —	$ 23,809	$ —	$ 23,809
Derivative assets (1)	$ —	$ 3,569	$ —	$ 3,569
Liabilities:				
Junior subordinated debt (2)	$ —	$ —	$ 46,928	$ 46,928
Derivative liabilities (1)	—	64,785	—	64,785

(1) Derivative assets and liabilities relate to interest rate swaps, see "Note 9. Derivatives and Hedging Activities." In addition, the carrying value of loans includes a positive value of $64,184 and the net carrying value of subordinated debt includes a net negative value of $3,569 as of December 31, 2015, which relates to the effective portion of the hedges put in place to mitigate against fluctuations in interest rates.

(2) Includes only the portion of junior subordinated debt that is recorded at fair value at each reporting period pursuant to the election of FVO treatment.

For the three months ended March 31, 2016 and 2015, the change in Level 3 assets and liabilities measured at fair value on a recurring basis was as follows:

	Junior Subordinated Debt	
	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Beginning balance	$(46,928)	$(40,437)
Transfers into Level 3	—	—
Total gains (losses) for the period		
Included in other comprehensive income (1)	1,212	(309)

Ending balance	$(45,716)	$(40,746)

(1) Due to the Company's election to early adopt an element of ASU 2016-01, changes in the fair value of junior subordinated debt are presented as part
of OCI rather than earnings effective January 1, 2015. Accordingly, total losses are included in the other comprehensive income line, Unrealized gain (loss) on junior subordinated debt, which is net of tax. The above amount represents the gross loss from changes in fair value of junior subordinated debt.

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	CDO Securities Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Beginning balance	$10,060	$11,445
Transfers into Level 3	—	—
Total gains (losses) for the period		
Included in other comprehensive income (1)	(984)	(925)
Ending balance	$9,076	$10,520

(1) Total gains (losses) for the period are included in the other comprehensive income line, Unrealized gain (loss) on AFS securities.

For Level 3 liabilities and assets measured at fair value on a recurring basis as of March 31, 2016 and December 31, 2015, the significant unobservable inputs used in the fair value measurements were as follows:

	March 31, 2016 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Input Value
Junior subordinated debt	$ 45,716	Discounted cash flow	Implied credit rating of the Company	5.93%
CDO securities	9,076	S&P Model	Pricing indications from comparable securities	

	December 31, 2015 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Input Value
Junior subordinated debt	$ 46,928	Discounted cash flow	Adjusted Corporate Bond over Treasury Index with comparable credit spread	5.67%
CDO securities	10,060	S&P Model	Pricing indications from comparable securities	

The significant unobservable inputs used in the fair value measurement of the Company’s junior subordinated debt as of March 31, 2016 was the yield on the 20-year "BB" rated financial index over the corresponding swap index.

The significant unobservable inputs used in the fair value measurement of the Company's CDO securities include securities terms, conditions, and underlying collateral type, as well as trustee and servicer reports, trade data on comparable securities, and market quotes that are converted into spreads to benchmark LIBOR curves. Significant increases or decreases in these inputs could result in significantly different fair value measurements.

Fair value on a nonrecurring basis

Certain assets are measured at fair value on a nonrecurring basis. That is, the assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The following table presents such assets carried on the balance sheet by caption and by level within the ASC 825 hierarchy:

	Fair Value Measurements at the End of the Reporting Period Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Active Markets for Similar Assets (Level 2)	Unobservable Inputs (Level 3)
	(in thousands)			
As of March 31, 2016:				
Impaired loans with specific valuation allowance	$ 6,946	$ —	$ —	$ 6,946
Impaired loans without specific valuation allowance (1)	58,300	—	—	58,300

Other assets acquired through foreclosure	52,776	—	—	52,776
As of December 31, 2015:				
Impaired loans with specific valuation allowance	$ 19,629	$ —	$ —	$ 19,629
Impaired loans without specific valuation allowance (1)	66,754	—	—	66,754
Other assets acquired through foreclosure	43,942	—	—	43,942

(1) Excludes loan balances with charge-offs of $39.2 million and $37.8 million as of March 31, 2016 and December 31, 2015, respectively.

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For Level 3 assets measured at fair value on a nonrecurring basis as of March 31, 2016 and December 31, 2015, the significant unobservable inputs used in the fair value measurements were as follows:

	March 31, 2016 (in thousands)	Valuation Technique(s)		Significant Unobservable Inputs	Range
Impaired loans	65,246	Collateral method	Third party appraisal	Costs to sell	4.0% to 10.0%
		Discounted cash flow method	Discount rate	Contractual loan rate	4.0% to 7.0%
			Scheduled cash collections	Loss given default	0% to 20.0%
			Proceeds from non-real estate collateral	Loss given default	0% to 70.0%
Other assets acquired through foreclosure	52,776	Collateral method	Third party appraisal	Costs to sell	4.0% to 10.0%

	December 31, 2015 (in thousands)	Valuation Technique(s)		Significant Unobservable Inputs	Range
Impaired loans	86,383	Collateral method	Third party appraisal	Costs to sell	4.0% to 10.0%
		Discounted cash flow method	Discount rate	Contractual loan rate	4.0% to 7.0%
			Scheduled cash collections	Loss given default	0% to 20.0%
			Proceeds from non-real estate collateral	Loss given default	0% to 70.0%
Other assets acquired through foreclosure	43,942	Collateral method	Third party appraisal	Costs to sell	4.0% to 10.0%

Impaired loans: The specific reserves for collateral dependent impaired loans are based on collateral value, net of estimated disposition costs and other identified quantitative inputs. Collateral value is determined based on independent third-party appraisals or internally-developed discounted cash flow analyses. Appraisals may utilize a single valuation approach or a combination of approaches, including comparable sales and the income approach. Fair value is determined, where possible, using market prices derived from an appraisal or evaluation, which are considered to be Level 2. However, certain assumptions and unobservable inputs are often used by the appraiser, therefore qualifying the assets as Level 3 in the fair value hierarchy. In addition, when adjustments are made to an appraised value to reflect various factors such as the age of the appraisal or known changes in the market or the collateral, such valuation inputs are considered unobservable and the fair value measurement is categorized as a Level 3 measurement. Internal discounted cash flow analyses are also utilized to estimate the fair value of impaired loans, which considers internally-developed, unobservable inputs such as discount rates, default rates, and loss severity.
Total Level 3 impaired loans had an estimated fair value of $65.2 million and 86.4 million at March 31, 2016 and December 31, 2015, respectively. Impaired loans with a specific valuation allowance had a gross estimated fair value of $9.6 million and $24.3 million at March 31, 2016 and December 31, 2015, respectively, which was reduced by a specific valuation allowance of $2.6 million and $4.7 million, respectively.
Other assets acquired through foreclosure: Other assets acquired through foreclosure consist of properties acquired as a result of, or in-lieu-of, foreclosure. These assets are initially reported at the fair value determined by independent third-party appraisals using appraised value less estimated cost to sell. Such properties are generally re-appraised every twelve months. There is risk for subsequent volatility. Costs relating to the development or improvement of the

assets are capitalized and costs relating to holding the assets are charged to expense.

Fair value is determined, where possible, using market prices derived from an appraisal or evaluation, which are considered to be Level 2. However, certain assumptions and unobservable inputs are often used by the appraiser, therefore qualifying the assets as Level 3 in the fair value hierarchy. In addition, when significant adjustments are based on unobservable inputs, such as when a current appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the resulting fair value measurement has been categorized as

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a Level 3 measurement. The Company had $52.8 million and $43.9 million of such assets at March 31, 2016 and December 31, 2015, respectively.

Credit vs. non-credit losses

Under the provisions of ASC 320, Investments-Debt and Equity Securities, OTTI is separated into the amount of total impairment related to the credit loss and the amount of the total impairment related to all other factors. The amount of the total OTTI related to the credit loss is recognized in earnings. The amount of the total impairment related to all other factors is recognized in OCI.

For the three months ended March 31, 2016 and 2015, the Company determined that no securities experienced credit losses.

There is no OTTI balance recognized in comprehensive income as of March 31, 2016 and 2015.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of the Company’s financial instruments is as follows:

	March 31, 2016				
	Carrying Amount	Fair Value Level 1	Level 2	Level 3	Total
	(in thousands)				
Financial assets:					
Investment securities:					
HTM	$21,514	$—	$22,024	$ —	$22,024
AFS	2,012,820	122,859	1,880,885	9,076	2,012,820
Trading	1,381	—	1,381	—	1,381
Derivative assets	4,733	—	4,733	—	4,733
Loans, net	11,122,236	—	10,866,374	65,246	10,931,620
Accrued interest receivable	48,488	—	48,488	—	48,488
Financial liabilities:					
Deposits	$13,081,655	$—	$13,085,523	$ —	$13,085,523
Customer repurchases	36,106	—	36,106	—	36,106
Qualifying debt	210,447	—	—	200,312	200,312
Derivative liabilities	88,981	—	88,981	—	88,981
Accrued interest payable	8,279	—	8,279	—	8,279

	December 31, 2015				
	Carrying Amount	Fair Value Level 1	Level 2	Level 3	Total
	(in thousands)				
Financial assets:					
Investment securities:					
AFS	$1,982,523	$148,914	$1,823,549	$10,060	$1,982,523
Trading	1,481	—	1,481	—	1,481
Derivative assets	3,569	—	3,569	—	3,569
Loans, net	11,017,595	—	10,766,826	86,383	10,853,209
Accrued interest receivable	54,445	—	54,445	—	54,445
Financial liabilities:					
Deposits	$12,030,624	$—	$12,034,199	$—	$12,034,199
Customer repurchases	38,155	—	38,155	—	38,155
FHLB advances	150,000	—	150,000	—	150,000
Qualifying debt	210,328	—	—	207,437	207,437
Derivative liabilities	64,785	—	64,785	—	64,785
Accrued interest payable	13,626	—	13,626	—	13,626

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Interest rate risk

The Company assumes interest rate risk (the risk to the Company’s earnings and capital from changes in interest rate levels) as a result of its normal operations. As a result, the fair values of the Company’s financial instruments as well as its future net interest income will change when interest rate levels change and that change may be either favorable or unfavorable to the Company.

Interest rate risk exposure is measured using interest rate sensitivity analysis to determine the Company's change in EVE and net interest income resulting from hypothetical changes in interest rates. If potential changes to EVE and net interest income resulting from hypothetical interest rate changes are not within the limits established by the BOD, the BOD may direct management to adjust the asset and liability mix to bring interest rate risk within BOD-approved limits. As of March 31, 2016, the Company’s interest rate risk profile was within BOD-approved limits.

WAB has an ALCO charged with managing interest rate risk within the BOD-approved limits. Limits are structured to prohibit an interest rate risk profile that does not conform to both management and BOD risk tolerances. There is also ALCO reporting at the Parent company level for reviewing interest rate risk for the Company, which gets reported to the BOD and the Finance and Investment Committee.

Fair value of commitments

The estimated fair value of standby letters of credit outstanding at March 31, 2016 and December 31, 2015 was insignificant. Loan commitments on which the committed interest rates were less than the current market rate were also insignificant at March 31, 2016 and December 31, 2015.

14. SEGMENTS

The Company's reportable segments are aggregated primarily based on geographic location, services offered, and markets served. In anticipation of the acquisition of a hotel franchise loan portfolio, which expands the size and scope of the Company's NBL reportable segment, management has reassessed the organization and management of its operating segments included in the NBL reportable segment. Accordingly, four reportable NBL segments are now presented separately.

The Company's regional segments, which include Arizona, Nevada, Southern California, and Northern California, provide full service banking and related services to their respective markets. The operations from the regional segments correspond to the following banking divisions: ABA in Arizona, BON and FIB in Nevada, TPB in Southern California, and Bridge in Northern California.

The Company's NBL segments, which include HOA Services, Public & Nonprofit Finance, Technology & Innovation, and Other NBLs, provide specialized banking services to niche markets. These NBLs are managed centrally and are broader in geographic scope than the Company's other segments, though still predominately located within the Company's core market areas. The operations from the HOA Services NBL correspond to the AAB division. Public & Nonprofit Finance consists of the operations of Public and Nonprofit Finance. The Technology & Innovation NBL includes Equity Fund Resources, Life Sciences Group, Renewable Resource Group, and Technology Finance. The Other NBLs segment consists of Corporate Finance, Mortgage Warehouse Lending, and Resort Finance.

The Corporate & Other segment consists of corporate-related items, income and expense items not allocated to the Company's other reportable segments, and inter-segment eliminations.

The Company's segment reporting process begins with the assignment of all loan and deposit accounts directly to the segments where these products are originated and/or serviced. Equity capital is assigned to each segment based on the risk profile of their assets and liabilities. With the exception of goodwill, which is assigned a 100% weighting, equity capital allocations ranged from 0% to 12% during the year, with a funds credit provided for the use of this equity as a funding source. Any excess or deficient equity not allocated to segments based on risk is assigned to the Corporate & Other segment.

Net interest income, provision for credit losses, and non-interest expense amounts are recorded in their respective segment to the extent that the amounts are directly attributable to those segments. Net interest income is recorded in each segment on a TEB with a corresponding increase in income tax expense, which is eliminated in the Corporate & Other segment.

Further, net interest income of a reportable segment includes a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. Using this funds transfer pricing

methodology, liquidity is transferred between users and providers. A net user of funds has lending/investing in excess of deposits/borrowings and a net provider of funds has deposits/borrowings in excess of lending/investing. A segment that is a user of funds is charged for the use

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of funds, while a provider of funds is credited through funds transfer pricing, which is determined based on the average life of the assets or liabilities in the portfolio.

Net income amounts for each reportable segment are further derived by the use of expense allocations. Certain expenses not directly attributable to a specific segment are allocated across all segments based on key metrics, such as number of employees, average loan balances, and average deposit balances. These types of expenses include information technology, operations, human resources, finance, risk management, credit administration, legal, and marketing.

Income taxes are applied to each segment based on the effective tax rate for the geographic location of the segment. Any difference in the corporate tax rate and the aggregate effective tax rates in the segments are adjusted in the Corporate & Other segment.

The following is a summary of selected operating segment information for the periods indicated:

		Regional Segments			
Balance Sheet:	Consolidated Company	Arizona	Nevada	Southern California	Northern California
At March 31, 2016	(dollars in millions)				
Assets:					
Cash, cash equivalents, and investment securities	$3,130.9	$2.1	$9.8	$2.2	$3.1
Loans, net of deferred loan fees and costs	11,241.4	2,815.2	1,709.4	1,799.2	1,148.8
Less: allowance for credit losses	(119.2)	(29.9)	(18.1)	(19.1)	(12.2)
Total loans	11,122.2	2,785.3	1,691.3	1,780.1	1,136.6
Other assets acquired through foreclosure, net	52.8	7.2	21.3	—	0.2
Goodwill and other intangible assets, net	304.0	—	24.5	—	157.5
Other assets	638.1	48.5	61.3	14.9	14.1
Total assets	$15,248.0	$2,843.1	$1,808.2	$1,797.2	$1,311.5
Liabilities:					
Deposits	$13,081.7	$3,183.7	$3,628.8	$2,056.5	$1,603.0
Borrowings and qualifying debt	210.6	—	—	—	—
Other liabilities	295.5	12.2	27.1	8.3	13.0
Total liabilities	13,587.8	3,195.9	3,655.9	2,064.8	1,616.0
Allocated equity:	1,660.2	317.1	246.9	197.8	289.8
Total liabilities and stockholders' equity	$15,248.0	$3,513.0	$3,902.8	$2,262.6	$1,905.8
Excess funds provided (used)	—	669.9	2,094.6	465.4	594.3
Income Statement:					
Three Months Ended March 31, 2016:	(in thousands)				
Net interest income (expense)	$145,711	$38,456	$32,575	$24,428	$23,195
Provision for (recovery of) credit losses	2,500	6,773	(813)	30	1,042
Net interest income (expense) after provision for credit losses	143,211	31,683	33,388	24,398	22,153
Non-interest income	13,133	3,681	2,059	660	2,426
Non-interest expense	(75,493)	(14,456)	(14,746)	(11,234)	(13,967)
Income (loss) before income taxes	80,851	20,908	20,701	13,824	10,612
Income tax expense (benefit)	19,519	8,202	7,245	5,813	4,463
Net income	$61,332	$12,706	$13,456	$8,011	$6,149

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	National Business Lines				
Balance Sheet:	HOA Services	Public & Nonprofit Finance	Technology & Innovation	Other National Business Lines	Corporate & Other
At March 31, 2016	(dollars in millions)				
Assets:					
Cash, cash equivalents, and investment securities	$—	$—	$—	$—	$3,113.7
Loans, net of deferred loan fees and costs	96.1	1,460.5	845.1	1,338.1	29.0
Less: allowance for credit losses	(1.0)	(15.5)	(9.0)	(14.2)	(0.2)
Total loans	95.1	1,445.0	836.1	1,323.9	28.8
Other assets acquired through foreclosure, net	—	—	—	—	24.1
Goodwill and other intangible assets, net	—	—	122.0	—	—
Other assets	0.2	10.0	3.1	11.5	474.5
Total assets	$95.3	$1,455.0	$961.2	$1,335.4	$3,641.1
Liabilities:					
Deposits	$1,528.1	$—	$803.7	$—	$277.9
Borrowings and qualifying debt	—	—	—	—	210.6
Other liabilities	1.0	87.5	—	21.2	125.2
Total liabilities	1,529.1	87.5	803.7	21.2	613.7
Allocated equity:	39.7	87.5	205.9	110.1	165.4
Total liabilities and stockholders' equity	$1,568.8	$175.0	$1,009.6	$131.3	$779.1
Excess funds provided (used)	1,473.5	(1,280.0)	48.4	(1,204.1)	(2,862.0)
Income Statement:					
Three Months Ended March 31, 2016:	(in thousands)				
Net interest income (expense)	$8,632	$5,221	$16,309	$10,637	$(13,742)
Provision for (recovery of) credit losses	78	(369)	(1,165)	238	(3,314)
Net interest income (expense) after provision for credit losses	8,554	5,590	17,474	10,399	(10,428)
Non-interest income	105	(4)	1,637	635	1,934
Non-interest expense	(5,541)	(2,024)	(6,906)	(3,437)	(3,182)
Income (loss) before income taxes	3,118	3,562	12,205	7,597	(11,676)
Income tax expense (benefit)	1,169	1,336	4,577	2,849	(16,135)
Net income	$1,949	$2,226	$7,628	$4,748	$4,459

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Balance Sheet:	Consolidated Company	Regional Segments Arizona	Nevada	Southern California	Northern California
At December 31, 2015	(dollars in millions)				
Assets:					
Cash, cash equivalents, and investment securities	$2,266.8	$2.3	$9.5	$2.4	$2.4
Loans, net of deferred loan fees and costs	11,136.7	2,811.7	1,737.2	1,761.9	1,188.4
Less: allowance for credit losses	(119.1)	(30.1)	(18.6)	(18.8)	(12.7)
Total loans	11,017.6	2,781.6	1,718.6	1,743.1	1,175.7
Other assets acquired through foreclosure, net	43.9	8.4	20.8	—	0.3
Goodwill and other intangible assets, net	305.4	—	24.8	—	158.2
Other assets	641.4	43.9	62.3	15.7	16.1
Total assets	$14,275.1	$2,836.2	$1,836.0	$1,761.2	$1,352.7
Liabilities:					
Deposits	$12,030.6	$2,880.7	$3,382.8	$1,902.5	$1,541.1
Borrowings and qualifying debt	360.3	—	—	—	—
Other liabilities	292.7	12.2	29.0	7.8	11.2
Total liabilities	12,683.6	2,892.9	3,411.8	1,910.3	1,552.3
Allocated equity:	1,591.5	309.2	244.4	191.3	293.2
Total liabilities and stockholders' equity	$14,275.1	$3,202.1	$3,656.2	$2,101.6	$1,845.5
Excess funds provided (used)	—	365.9	1,820.2	340.4	492.8

Income Statement:					
Three Months Ended March 31, 2015:	(in thousands)				
Net interest income (expense)	$103,108	$28,985	$29,209	$22,490	$4,453
Provision for (recovery of) credit losses	700	(668)	349	(367)	(27)
Net interest income (expense) after provision for credit losses	102,408	29,653	28,860	22,857	4,480
Non-interest income	6,242	939	2,283	665	51
Non-interest expense	(54,033)	(14,761)	(14,474)	(11,621)	(2,017)
Income (loss) before income taxes	54,617	15,831	16,669	11,901	2,514
Income tax expense (benefit)	14,234	6,210	5,834	5,004	1,057
Net income	$40,383	$9,621	$10,835	$6,897	$1,457

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	National Business Lines				
Balance Sheet:	HOA Services	Public & Nonprofit Finance	Technology & Innovation	Other National Business Lines	Corporate & Other
At December 31, 2015	(dollars in millions)				
Assets:					
Cash, cash equivalents, and investment securities	$—	$—	$—	$—	$2,250.2
Loans, net of deferred loan fees and costs	88.4	1,458.9	770.3	1,280.3	39.6
Less: allowance for credit losses	(0.9)	(15.6)	(8.2)	(13.8)	(0.4)
Total loans	87.5	1,443.3	762.1	1,266.5	39.2
Other assets acquired through foreclosure, net	—	—	—	—	14.4
Goodwill and other intangible assets, net	—	—	122.4	—	—
Other assets	0.2	14.0	2.7	11.5	475.0
Total assets	$87.7	$1,457.3	$887.2	$1,278.0	$2,778.8
Liabilities:					
Deposits	$1,291.9	$—	$842.5	$—	$189.1
Borrowings and qualifying debt	—	—	—	—	360.3
Other liabilities	0.5	63.8	—	40.8	127.4
Total liabilities	1,292.4	63.8	842.5	40.8	676.8
Allocated equity:	34.2	87.8	200.9	105.7	124.8
Total liabilities and stockholders' equity	$1,326.6	$151.6	$1,043.4	$146.5	$801.6
Excess funds provided (used)	1,238.9	(1,305.7)	156.2	(1,131.5)	(1,977.2)
Income Statement:					
Three Months Ended March 31, 2015:	(in thousands)				
Net interest income (expense)	$5,768	$4,581	$—	$12,961	$(5,339)
Provision for (recovery of) credit losses	70	637	—	701	5
Net interest income (expense) after provision for credit losses	5,698	3,944	—	12,260	(5,344)
Non-interest income	73	206	—	437	1,588
Non-interest expense	(4,370)	(1,253)	—	(3,655)	(1,882)
Income (loss) before income taxes	1,401	2,897	—	9,042	(5,638)
Income tax expense (benefit)	525	1,086	—	3,391	(8,873)
Net income	$876	$1,811	$—	$5,651	$3,235

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15. MERGERS AND ACQUISITIONS

On June 30, 2015, the Company completed its acquisition of Bridge Capital Holdings and its wholly-owned subsidiary, Bridge Bank, headquartered in San Jose, California. Under the terms of the acquisition, each outstanding share of Bridge common stock was exchanged for 0.8145 shares of WAL's common stock plus $2.39 in cash. The Company paid $36.5 million in cash and issued 12.5 million common shares for all equity interests in Bridge. The merger was undertaken, in part, because Bridge strengthens the Company's Northern California presence and provides new avenues for growth in technology and international services.

The acquisition was accounted for under the acquisition method of accounting in accordance with ASC 805. Assets purchased and liabilities assumed were recorded at their respective acquisition date estimated fair values. The fair values of assets acquired and liabilities assumed are subject to adjustment during the first twelve months after the acquisition date if additional information becomes available to indicate a more accurate or appropriate value for an asset or liability.
During the three months ended March 31, 2016, the Company identified $0.7 million in measurement period adjustments from the Bridge acquisition, primarily related to a reduction in accrued liabilities. Although further measurement period adjustments are not expected to be significant, the estimated fair value of tax related items and other liabilities are still preliminary and subject to additional measurement period adjustments through June 30, 2016.

The following table presents pro forma information as if the Bridge acquisition was completed on January 1, 2014. The pro forma information includes adjustments for interest income on loans and securities acquired, amortization of intangibles arising from the transaction and interest expense on deposits acquired. The pro forma information is not necessarily indicative of the results of operations as they would have been had the transactions been effected on the assumed date.

	Three Months Ended March 31, 2015: (in thousands, except per share amounts)
Interest income	132,423
Non-interest income	9,515
Net income available to common stockholders (1)	44,958
Earnings per share - basic	0.44
Earnings per share - diluted	0.44

(1) Excludes acquisition / restructure related costs incurred by the Company and by Bridge of $0.2 million and $1.2 million, respectively, for the three months ended March 31, 2015, and related tax effects.

16. SUBSEQUENT EVENTS

On April 20, 2016, WAB completed its previously announced acquisition of a domestic select-service hotel franchise finance loan portfolio from GE Capital US Holdings, Inc. Under the terms of the Assets Purchase Agreement dated March 29, 2016, WAB acquired loans with an aggregate outstanding principal balance of approximately $1.34 billion and also assumed certain related assets and liabilities. WAB paid $1.28 billion for the loan portfolio, a $67.1 million discount to the aggregate unpaid principal balance.

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Item 2. Management's Discussions and Analysis of Financial Condition and Results of Operations.

This discussion is designed to provide insight into management's assessment of significant trends related to the Company's consolidated financial condition, results of operations, liquidity, capital resources, and interest rate sensitivity. This Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2015 and the interim Unaudited Consolidated Financial Statements and Notes to Unaudited Consolidated Financial Statements hereto and financial information appearing elsewhere in this report. Unless the context requires otherwise, the terms "Company," "we," and "our" refer to Western Alliance Bancorporation and its wholly-owned subsidiaries on a consolidated basis.

Forward-Looking Information

Certain statements contained in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including statements that are related to or are dependent on estimates or assumptions relating to expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts.

The forward-looking statements contained in this Form 10-Q reflect the Company's current views about future events and financial performance and involve certain risks, uncertainties, assumptions, and changes in circumstances that may cause the Company's actual results to differ significantly from historical results and those expressed in any forward-looking statement, including those risks discussed under the heading “Risk Factors” in this Form 10-Q. Risks and uncertainties include those set forth in the Company's filings with the SEC and the following factors that could cause actual results to differ materially from those presented: 1) financial market and economic conditions adversely effecting financial performance; 2) dependency on real estate and events that negatively impact real estate; 3) high concentration of commercial real estate, construction and land development, and commercial and industrial loans; 4) actual credit losses may exceed expected losses in the loan portfolio; 5) the geographic concentrations of the Company's assets increase the risks related to local economic conditions; 6) exposure of financial instruments to certain market risks may cause volatility in earnings; 7) dependence on low-cost deposits; 8) ability to borrow from the FHLB or the FRB; 9) perpetration of computer, internet, or telecommunications fraud; 10) information security breaches; 11) reliance on other companies' infrastructure; 12) a change in the Company's creditworthiness; 13) risks associated with the implementation of the Company's planned system conversion; 14) expansion strategies may not be successful; 15) the Company's ability to compete in a highly competitive market; 16) the Company's ability to recruit and retain qualified employees, especially seasoned relationship bankers and senior management; 17) inadequate or ineffective risk management policies, procedures, and internal controls; 18) risks associated with new lines of businesses or new products and services within existing lines of business; 19) the Company's ability to adapt to technological change; 20) exposure to natural disasters in markets that the Company operates; 21) risk of operating in a highly regulated industry and the Company's ability to remain in compliance; 22) failure to comply with state and federal banking agency laws and regulations; 23) changes in interest rates and increased rate competition; 24) exposure to environmental liabilities related to the properties to which the Company acquires title; and 25) risks related to ownership and price of the Company's common stock.

For more information regarding risks that may cause the Company's actual results to differ materially from any forward-looking statements, see “Risk Factors” in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Financial Overview and Highlights

WAL is a bank holding company headquartered in Phoenix, Arizona, incorporated under the laws of the state of Delaware. WAL provides a full spectrum of deposit, lending, treasury management, and online banking products and services through its wholly-owned banking subsidiary, WAB.

WAB operates the following full-service banking divisions: ABA in Arizona, BON and FIB in Nevada, Bridge in Northern California, and TPB in Southern California. The Company also serves business customers through a national platform of specialized financial services including AAB, Corporate Finance, Equity Fund Resources, Life Sciences

Group, Mortgage Warehouse Lending, Public and Nonprofit Finance, Renewable Resource Group, Resort Finance, and Technology Finance. In addition, the Company has one non-bank subsidiary, LVSP, which holds and manages certain non-performing loans and OREO.

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Financial Result Highlights for the First Quarter of 2016

- Net income of $61.3 million, compared to $40.2 million for the first quarter 2015
- Diluted earnings per share of $0.60, compared to $0.45 per share for the first quarter 2015
- Operating pre-provision net revenue of $82.1 million, up 50.5% from $54.5 million in the first quarter 2015[1]
- Net interest margin of 4.58%, compared to 4.35% in the first quarter 2015
- Net operating revenue of $157.8 million, constituting year-over-year growth of 45.1%, or $49.1 million. Operating non-interest expense of $75.8 million resulted in year-over-year growth of 39.8%, or $21.6 million
- Efficiency ratio of 45.6% in the first quarter 2016, compared to 46.7% in the first quarter 2015[1]
- Total loans of $11.24 billion, up $104.8 million from December 31, 2015
- Total deposits of $13.08 billion, up $1.05 billion from December 31, 2015
- Nonperforming assets (nonaccrual loans and repossessed assets) decreased to 0.57% of total assets, from 1.11% at March 31, 2015
- Net loan charge-offs (annualized) to average loans outstanding of 0.08%, compared to net loan recoveries (annualized) to average loans outstanding 0.06% at March 31, 2015
- Tangible common equity ratio of 9.1%, compared to 8.5% at March 31, 2015[1]
- Stockholders' equity of $1.66 billion, an increase of $608.9 million from March 31, 2015
- Tangible book value per share, net of tax, of $13.16, an increase of 22.8% from $10.72 at March 31, 2015[1]

The impact to the Company from these items, and others of both a positive and negative nature, are discussed in more detail below as they pertain to the Company’s overall comparative performance for the three months ended March 31, 2016. As a bank holding company, management focuses on key ratios in evaluating the Company's financial condition and results of operations.

[1] See Non-GAAP Financial Measures section beginning on page 58.

Results of Operations and Financial Condition

A summary of the Company's results of operations, financial condition, and select metrics are included in the following tables:

	Three Months Ended March 31,	
	2016	2015
	(in thousands, except per share amounts)	
Net income available to common stockholders	$61,332	$40,207
Earnings per share applicable to common stockholders - basic	0.60	0.46
Earnings per share applicable to common stockholders - diluted	0.60	0.45
Net interest margin	4.58 %	4.35 %
Return on average assets	1.70	1.50
Return on average tangible common equity	18.43	17.30

	March 31, 2016	December 31, 2015
	(in thousands)	
Total assets	$15,248,039	$14,275,089
Loans, net of deferred loan fees and costs	11,241,463	11,136,663
Total deposits	13,081,655	12,030,624

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Asset Quality

For all banks and bank holding companies, asset quality plays a significant role in the overall financial condition of the institution and results of operations. The Company measures asset quality in terms of non-accrual loans as a percentage of gross loans and net charge-offs as a percentage of average loans. Net charge-offs are calculated as the difference between charged-off loans and recovery payments received on previously charged-off loans. The following table summarizes asset quality metrics:

	March 31, 2016	December 31, 2015
	(in thousands)	
Non-accrual loans	$33,802	$ 48,381
Non-performing assets	156,779	166,058
Non-accrual loans to gross loans	0.30 %	0.44 %
Net charge-offs (recoveries) to average loans (1)	0.08 %	(0.06)%

(1) Annualized for the three months ended March 31, 2016. Actual year-to-date for the year ended December 31, 2015.

Asset and Liability Growth

The Company's assets and liabilities are comprised primarily of loans and deposits. Therefore, the ability to originate new loans and attract new deposits is fundamental to the Company's growth. Total assets increased to $15.25 billion at March 31, 2016 from $14.28 billion at December 31, 2015. Total loans, including HFS loans, increased by $104.8 million to $11.24 billion as of March 31, 2016, compared to $11.14 billion as of December 31, 2015. Total deposits increased $1.05 billion, or 8.7%, to $13.08 billion as of March 31, 2016 from $12.03 billion as of December 31, 2015.

Subsequently Completed Acquisition

On April 20, 2016, WAB completed its previously announced acquisition of a domestic select-service hotel franchise finance loan portfolio from GE Capital US Holdings, Inc. Under the terms of the Assets Purchase Agreement dated March 29, 2016, WAB acquired loans with an aggregate outstanding principal balance of approximately $1.34 billion and also assumed certain related assets and liabilities. WAB paid $1.28 billion for the loan portfolio, a $67.1 million discount to the aggregate unpaid principal balance.

All loans acquired in this portfolio are performing and have a weighted average yield of 4.8%. The loans are spread among 39 states, with the largest concentrations of loans in Texas (18%), Georgia (10%), and Ohio (8%).

RESULTS OF OPERATIONS

The following table sets forth a summary financial overview for the comparable periods:

	Three Months Ended March 31,		Increase
	2016	2015	(Decrease)
	(in thousands, except per share amounts)		
Consolidated Income Statement Data:			
Interest income	$154,256	$110,962	$ 43,294
Interest expense	8,545	7,854	691
Net interest income	145,711	103,108	42,603
Provision for credit losses	2,500	700	1,800
Net interest income after provision for credit losses	143,211	102,408	40,803
Non-interest income	13,133	6,242	6,891
Non-interest expense	75,493	54,033	21,460
Income before income taxes	80,851	54,617	26,234
Income tax expense	19,519	14,234	5,285
Net income	$61,332	$40,383	$ 20,949
Earnings per share applicable to common stockholders - basic	$0.60	$0.46	$ 0.14
Earnings per share applicable to common stockholders - diluted	$0.60	$0.45	$ 0.15

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Non-GAAP Financial Measures

The following discussion and analysis contains financial information determined by methods other than those prescribed by GAAP. The Company's management uses these non-GAAP financial measures in their analysis of the Company's performance. These measurements typically adjust GAAP performance measures to exclude the effects of unrealized gains or losses on assets and liabilities measured at fair value as well as other items to adjust income available to common stockholders for certain significant activities or transactions that, in management's opinion, do not reflect recurring period-to-period comparisons of the Company's performance. Management believes presentation of these non-GAAP financial measures provides useful supplemental information that is essential to a complete understanding of the operating results of the Company's core businesses. Since the presentation of these non-GAAP performance measures and their impact differ between companies, these non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

Operating PPNR

Pre-provision net revenue is defined by the Federal Reserve in SR 14-3, which requires companies subject to the rule to project PPNR over the planning horizon for each of the economic scenarios defined annually by the regulators. Banking regulations define PPNR as net interest income plus non-interest income less non-interest expense. The guidance further states that any non-recurring or non-operational elements of non-interest income or non-interest expense are to be excluded which are outlined in the table below. Management feels that this is an important metric as it illustrates the underlying performance of the Company, it enables investors and others to assess the Company’s ability to generate capital to cover credit losses through the credit cycle, and provides consistent reporting with a key metric used by bank regulatory agencies.

The following table shows the components of operating PPNR for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Total non-interest income	$13,133	$6,242
Less:		
Gain (loss) on sales of investment securities, net (1)	1,001	589
Unrealized gains (losses) on assets and liabilities measured at fair value, net (1)	(5)	—
Total operating non-interest income	12,137	5,653
Plus: net interest income	145,711	103,108
Net operating revenue	$157,848	$108,761
Total non-interest expense	$75,493	$54,033
Less:		
Net (gain) loss on sales / valuations of repossessed and other assets (1)	(302)	(351)
Acquisition / restructure expense (1)	—	159
Total operating non-interest expense	$75,795	$54,225
Operating pre-provision net revenue (2)	$82,053	$54,536

(1) The operating PPNR non-GAAP performance metric is adjusted to exclude the effects of this non-operational item.
(2) There were no adjustments made for non-recurring items during the three months ended March 31, 2016 and 2015.

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Tangible Common Equity

The following table presents financial measures related to tangible common equity. Tangible common equity represents total stockholders' equity, less identifiable intangible assets and goodwill. Management believes that tangible common equity financial measures are useful in evaluating the Company's capital strength, financial condition, and ability to manage potential losses. In addition, management believes that these measures improve comparability to other institutions that have not engaged in acquisitions that resulted in recorded goodwill and other intangible assets.

	March 31, 2016	December 31, 2015
	(dollars and shares in thousands)	
Total stockholders' equity	$1,660,163	$1,591,502
Less: goodwill and intangible assets	303,962	305,354
Total tangible common equity	1,356,201	1,286,148
Plus: deferred tax - attributed to intangible assets	5,828	6,093
Total tangible common equity, net of tax	$1,362,029	$1,292,241
Total assets	$15,248,039	$14,275,089
Less: goodwill and intangible assets, net	303,962	305,354
Tangible assets	14,944,077	13,969,735
Plus: deferred tax - attributed to intangible assets	5,828	6,093
Total tangible assets, net of tax	$14,949,905	$13,975,828
Tangible equity ratio	9.1 %	9.2 %
Tangible common equity ratio	9.1	9.2
Common shares outstanding	103,514	103,087
Tangible book value per share, net of tax	$13.16	$12.54

Efficiency Ratio

The following table shows the components used in the calculation of the efficiency ratio, which management uses as a metric for assessing cost efficiency:

	Three Months Ended March 31, 2016	2015
	(dollars in thousands)	
Total operating non-interest expense	$75,795	$54,225
Divided by:		
Total net interest income	$145,711	$103,108
Plus:		
Tax equivalent interest adjustment	8,435	7,389
Operating non-interest income	12,137	5,653
Net operating revenue - TEB	$166,283	$116,150
Efficiency ratio - TEB	45.6 %	46.7 %

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Adjusted Allowance for Credit Losses

The adjusted allowance for credit losses to gross loans ratio includes an adjustment for the remaining credit marks on acquired performing and PCI loans. Under GAAP, the allowance for credit losses on acquired loans is not carried over in an acquisition as acquired loans are recorded at fair value, net of related interest rate and credit marks, which discounts the loans based on expected future cash flows. The credit marks on acquired loans represent the allowance for credit losses carried over to the Company. Therefore, by adding back the remaining credit marks on acquired loans, management believes this is more indicative of the allowance available for inherent losses in the loan portfolio.

	March 31, 2016	December 31, 2015
	(dollars in thousands)	
Allowance for credit losses	$119,227	$119,068
Plus: remaining credit marks		
Acquired performing loans	9,646	12,154
Purchased credit impaired loans	6,760	8,491
Adjusted allowance for credit losses	$135,633	$139,713
Gross loans held for investment and deferred fees, net	$11,217,860	$11,112,854
Plus: remaining credit marks		
Acquired performing loans	9,646	12,154
Purchased credit impaired loans	6,760	8,491
Adjusted loans, net of deferred fees and costs	$11,234,266	$11,133,499
Allowance for credit losses to gross loans	1.06 %	1.07 %
Allowance for credit losses to gross loans, adjusted for acquisition accounting	1.21 %	1.25 %

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Regulatory Capital

The following table presents certain financial measures related to regulatory capital under Basel III, which includes Common Equity Tier 1 and total capital. The FRB and other banking regulators use Common Equity Tier 1 and total capital as a basis for assessing a bank's capital adequacy; therefore, management believes it is useful to assess financial condition and capital adequacy using this same basis. Specifically, the total capital ratio takes into consideration the risk levels of assets and off-balance sheet financial instruments. In addition, management believes that the classified assets to Common Equity Tier 1 plus allowance measure is an important regulatory metric for assessing asset quality.

	March 31, 2016	December 31, 2015
	(dollars in thousands)	
Common Equity Tier 1:		
Common Equity	$1,660,163	$1,591,502
Less:		
Non-qualifying goodwill and intangibles	294,458	293,487
Disallowed deferred tax asset	7,596	5,001
AOCI related adjustments	20,542	10,228
Unrealized gain on changes in fair value liabilities	9,862	6,309
Common Equity Tier 1 (regulatory)	$1,327,705	$1,276,477
Divided by: Risk-weighted assets (regulatory)	$13,426,265	$13,193,563
Common Equity Tier 1 ratio	9.9 %	9.7 %
Common Equity Tier 1 (regulatory)	$1,327,705	$1,276,477
Plus:		
Trust preferred securities	81,500	81,500
Less:		
Disallowed deferred tax asset	5,064	7,502
Unrealized gain on changes in fair value liabilities	6,574	9,464
Tier 1 capital	$1,397,567	$1,341,011
Total Capital:		
Tier 1 capital (regulatory)	$1,397,567	$1,341,011
Plus:		
Subordinated debt	134,570	140,097
Qualifying allowance for credit losses	119,227	119,068
Other	3,661	3,296
Less: Tier 2 qualifying capital deductions	—	—
Tier 2 capital	$257,458	$262,461
Total capital	$1,655,025	$1,603,472
Total capital ratio	12.3 %	12.2 %
Classified assets to Common Equity Tier 1 plus allowance for credit losses:		
Classified assets	$187,929	$221,126
Divided by:		
Common Equity Tier 1 (regulatory)	1,327,705	1,276,477
Plus: Allowance for credit losses	119,227	119,068
Total Common Equity Tier 1 plus allowance for credit losses	$1,446,932	$1,395,545

Classified assets to Common Equity Tier 1 plus allowance	13.0	%	15.8	%

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Net Interest Margin

The net interest margin is reported on a TEB. A tax equivalent adjustment is added to reflect interest earned on certain municipal securities and loans that are exempt from federal income tax. The following tables set forth the average balances, interest income, interest expense, and average yield (on a fully TEB) for the periods indicated:

	Three Months Ended March 31,					
	2016			2015		
	Average Balance	Interest	Average Yield / Cost	Average Balance	Interest	Average Yield / Cost
	(dollars in thousands)					
Interest earning assets						
Commercial	$5,160,544	$60,925	5.24 %	$3,587,709	$34,580	4.50 %
Commercial real estate - non-owner occupied	2,272,443	30,953	5.45	2,046,612	27,831	5.44
Commercial real estate - owner occupied	2,061,370	26,186	5.08	1,799,577	22,567	5.02
Construction and land development	1,166,104	17,496	6.00	788,527	11,438	5.80
Residential real estate	311,510	3,509	4.51	295,830	3,544	4.79
Consumer	28,823	366	5.08	28,602	431	6.03
Loans held for sale	24,142	351	5.82	—	—	—
Total loans (1) (2) (3)	11,024,936	139,786	5.31	8,546,857	100,391	4.97
Securities - taxable (1)	1,568,353	9,337	2.38	1,095,508	6,292	2.30
Securities - tax-exempt	454,728	4,171	5.23	383,865	3,496	5.33
Total securities	2,023,081	13,508	3.02	1,479,373	9,788	3.09
Other	417,502	962	0.92	136,171	783	2.30
Total interest earning assets	13,465,519	154,256	4.83	10,162,401	110,962	4.66
Non-interest earning assets						
Cash and due from banks	140,751			118,090		
Allowance for credit losses	(121,533)			(110,997)		
Bank owned life insurance	162,782			142,365		
Other assets	822,625			450,108		
Total assets	$14,470,144			$10,761,967		
Interest-bearing liabilities						
Interest-bearing deposits:						
Interest-bearing transaction accounts	$1,091,886	$455	0.17 %	$919,992	$394	0.17 %
Savings and money market	5,333,905	4,034	0.30	3,909,414	2,776	0.28
Time certificates of deposit	1,561,496	1,754	0.45	1,935,493	1,976	0.41
Total interest-bearing deposits	7,987,287	6,243	0.31	6,764,899	5,146	0.30
Short-term borrowings	52,822	118	0.89	177,493	1,751	3.95
Long-term debt	—	—	—	201,990	516	1.02
Qualifying debt	199,438	2,184	4.38	40,440	441	4.36
Total interest-bearing liabilities	8,239,547	8,545	0.41	7,184,822	7,854	0.44
Non-interest-bearing liabilities						
Non-interest-bearing demand deposits	4,350,132			2,369,850		
Other liabilities	244,484			177,102		
Stockholders’ equity	1,635,981			1,030,193		
Total liabilities and stockholders' equity	$14,470,144			$10,761,967		
Net interest income and margin (4)		$145,711	4.58 %		$103,108	4.35 %
Net interest spread (5)			4.42 %			4.22 %

(1) Yields on loans and securities have been adjusted to a TEB. The taxable-equivalent adjustment was $8.4 million and $7.4 million for the three months ended March 31, 2016 and 2015, respectively.

(2) Net loan fees of $10.2 million and $5.2 million are included in the yield computation for the three months ended March 31, 2016 and 2015, respectively.
(3) Includes non-accrual loans.
(4) Net interest margin is computed by dividing net interest income by total average earning assets.
(5) Net interest spread represents average yield earned on interest-earning assets less the average rate paid on interest bearing liabilities.

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	Three Months Ended March 31, 2016 versus 2015 Increase (Decrease) Due to Changes in (1)		
	Volume	Rate	Total
	(in thousands)		
Interest income:			
Loans, HFI			
Commercial	$18,569	$7,776	$26,345
Commercial real estate - non-owner occupied	3,076	46	3,122
Commercial real estate - owner occupied	3,326	293	3,619
Construction and land development	5,665	393	6,058
Residential real estate	177	(212)	(35)
Consumer	3	(69)	(66)
Loans held for sale	352	—	352
Total loans	$31,168	$8,227	$39,395
Securities			
Securities - taxable	2,815	230	3,045
Securities - tax-exempt	650	25	675
Total securities	3,465	255	3,720
Other	648	(469)	179
Total interest income	35,281	8,013	43,294
Interest expense:			
Interest bearing transaction accounts	72	(11)	61
Savings and money market	1,077	181	1,258
Time certificates of deposit	(420)	198	(222)
Short-term borrowings	(279)	(1,354)	(1,633)
Long-term debt	—	(516)	(516)
Qualifying debt	1,741	2	1,743
Total interest expense	2,191	(1,500)	691
Net increase (decrease)	$33,090	$9,513	$42,603

(1) Changes due to both volume and rate have been allocated to volume changes.

Comparison of interest income, interest expense and net interest margin

The Company's primary source of revenue is interest income. For the three months ended March 31, 2016, interest income was $154.3 million, an increase of 39.0%, compared to $111.0 million for the three months ended March 31, 2015. This increase was primarily the result of a $2.48 billion increase in the average loan balance and an increase of 34 basis points in the average yield on loans, which drove a $39.4 million increase in loan interest income for the three months ended March 31, 2016. The Bridge acquisition on June 30, 2015 increased the Company's loan balance by $1.44 billion and also contributed $27.8 million to loan interest income during the current quarter.

For the three months ended March 31, 2016 and 2015, interest expense was $8.5 million and $7.9 million, respectively. Interest expense on deposits increased $1.1 million for the same period as average interest bearing deposits increased $1.22 billion. Interest expense on qualifying debt increased $1.7 million from the three months ended March 31, 2015 as the average qualifying debt balance increased $159.0 million due to the issuance of $150.0 million in subordinated debt during the second quarter 2015 and the junior subordinated debt assumed by the Company in the Bridge acquisition. These increases were offset by a decrease in interest expense on short-term and

long-term borrowings of $2.1 million as a result of a $326.7 million decrease in average short-term and long-term borrowings for the three months ended March 31, 2016 compared to the same period in 2015.

For the three months ended March 31, 2016 and 2015, net interest income was $145.7 million and $103.1 million, respectively. The increase in net interest income reflects a $3.30 billion increase in average interest earning assets, offset by a $1.05 billion increase in average interest-bearing liabilities. The increase in net interest margin of 23 basis points was the result of an increase in the average loan balance and average yield on loans compared to the three months ended March 31, 2015.

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Provision for Credit Losses

The provision for credit losses in each period is reflected as a reduction in earnings in that period. The provision is equal to the amount required to maintain the allowance for credit losses at a level that is adequate to absorb probable credit losses inherent in the loan portfolio. For the three months ended March 31, 2016, the provision for credit losses was $2.5 million, compared to $0.7 million for the three months ended March 31, 2015. The provision for the three months ended March 31, 2016 was primarily due to net loan charge-offs for the quarter. The Company may establish an additional allowance for credit losses for PCI loans through provision for credit losses when impairment is determined as a result of lower than expected cash flows. As of March 31, 2016 and December 31, 2015, the allowance for credit losses on PCI loans was $0.3 million and less than $0.1 million, respectively. For non-PCI loans, the allowance for credit losses was $1.9 million for each of the periods ended March 31, 2016 and December 31, 2015.

Non-interest Income

The following table presents a summary of non-interest income for the periods presented:

	Three Months Ended March 31,		
	2016	2015	Increase (Decrease)
	(in thousands)		
Service charges and fees	$4,466	$2,889	$ 1,577
Lending related income and gains (losses) on sale of loans, net	3,941	201	3,740
Card income	1,013	813	200
Gain (loss) on sales of investment securities, net	1,001	589	412
Income from bank owned life insurance	930	977	(47)
Other income	1,782	773	1,009
Total non-interest income	$13,133	$6,242	$ 6,891

Total non-interest income for the three months ended March 31, 2016 compared to 2015, increased by $6.9 million, or 110.4%. The increase was primarily due to service charges and fees, lending related income and gain (loss) on sale of loans, net, and other income. The increase in service charges and fees was due to the growth of the Company's deposit base, both organically and from the addition of Bridge, as well as the Company's continued focus on collection of service charges on customer accounts. Bridge contributed $1.4 million to total service charges and fees for the three months ended March 31, 2016. Lending related income and gain (loss) on sale of loans increased due to the inclusion of Bridge which contributed $0.8 million to lending related income and a non-recurring gain on sale of loans of $2.5 million. In addition, other income increased primarily due to foreign exchange income from Bridge operations of $0.9 million.

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Non-interest Expense

The following table presents a summary of non-interest expense for the periods presented:

	Three Months Ended March 31,		
	2016	2015	Increase (Decrease)
	(in thousands)		
Salaries and employee benefits	$44,855	$32,541	$ 12,314
Occupancy	6,257	4,813	1,444
Legal, professional, and directors' fees	5,572	3,995	1,577
Data processing	4,561	3,126	1,435
Insurance	3,323	2,090	1,233
Loan and repossessed asset expenses	902	1,090	(188)
Card expense	887	474	413
Intangible amortization	697	281	416
Marketing	657	377	280
Net (gain) loss on sales / valuations of repossessed and other assets	(302)	(351)	49
Acquisition / restructure expense	—	159	(159)
Other expense	8,084	5,438	2,646
Total non-interest expense	$75,493	$54,033	$ 21,460

Total non-interest expense for the three months ended March 31, 2016 compared to 2015, increased $21.5 million, or 39.7%. This increase primarily related to salaries and employee benefits, legal, professional, and directors' fees, data processing, occupancy, and insurance. The rise in salaries and employee benefits was primarily attributable to the addition of Bridge employees as well as growth in staffing to support continued asset growth. The legal, professional, and directors' fees increase is attributable to professional services to support the continued growth of the Company in various initiatives and professional fees related to loans. Data processing increased due to the addition of Bridge and technology enhancement initiatives. The increase in occupancy related to the addition of Bridge offices, which increased rent expense, office utilities, and depreciation on premises and equipment.

Income Taxes

The effective tax rate for the three months ended March 31, 2016 was 24.14%, compared to 26.06% for the three months ended March 31, 2015. The decrease in the effective tax rate is primarily due to the inclusion of excess stock compensation benefits in income tax expense resulting from the early adoption of ASU 2016-09, Improvements to Employee Share-Based Payment Accounting.

Business Segment Results

The Company's reportable segments are aggregated primarily based on geographic location, services offered, and markets served. In anticipation of the acquisition of GE's hotel franchise loan portfolio, which expands the size and scope of the Company's NBL reportable segment, management has reassessed the organization and management of its operating segments included in the NBL reportable segment. Accordingly, four reportable NBL segments are now presented separately.

The Company's regional segments, which include Arizona, Nevada, Southern California, and Northern California, provide full service banking and related services to their respective markets. The Company's NBL segments, which include HOA services, Public & Nonprofit Finance, Technology & Innovation, and Other NBLs, provide specialized banking services to niche markets. These NBLs are managed centrally and are broader in geographic scope than our other segments, though still predominately located within our core market areas. The Corporate & Other segment consists of corporate-related items, income and expense items not allocated to our other reportable segments, and inter-segment eliminations.

The operating segments were as follows: Arizona, Nevada, Southern California, Northern California, HOA Services, Public & Nonprofit Finance, Technology & Innovation, Other NBLs, and Corporate & Other. The following tables present selected operating segment information for the periods presented:

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	Regional Segments				
	Consolidated Company	Arizona	Nevada	Southern California	Northern California
	(in millions)				
At March 31, 2016					
Loans, net of deferred loan fees and costs	11,241.4	2,815.2	1,709.4	1,799.2	1,148.8
Deposits	13,081.7	3,183.7	3,628.8	2,056.5	1,603.0
At December 31, 2015					
Loans, net of deferred loan fees and costs	11,136.7	2,811.7	1,737.2	1,761.9	1,188.4
Deposits	12,030.6	2,880.7	3,382.8	1,902.5	1,541.1
	(in thousands)				
Three Months Ended March 31, 2016:					
Pre-tax income (loss)	80,851	20,908	20,701	13,824	10,612
Three Months Ended March 31, 2015:					
Pre-tax income (loss)	54,617	15,831	16,669	11,901	2,514

	National Business Lines				
	HOA Services	Public & Nonprofit Finance	Technology & Innovation	Other National Business Lines	Corporate & Other
	(in millions)				
At March 31, 2016					
Loans, net of deferred loan fees and costs	96.1	1,460.5	845.1	1,338.1	29.0
Deposits	1,528.1	—	803.7	—	277.9
At December 31, 2015					
Loans, net of deferred loan fees and costs	88.4	1,458.9	770.3	1,280.3	39.6
Deposits	1,291.9	—	842.5	—	189.1
	(in thousands)				
Three Months Ended March 31, 2016:					
Pre-tax income (loss)	3,118	3,562	12,205	7,597	(11,676)
Three Months Ended March 31, 2015:					
Pre-tax income (loss)	1,401	2,897	—	9,042	(5,638)

BALANCE SHEET ANALYSIS

Total assets increased $973.0 million, or 6.8%, to $15.25 billion at March 31, 2016, compared to $14.28 billion at December 31, 2015. The increase in assets primarily related to the increased cash position of the Company due to deposit growth in anticipation of the purchase of a hotel franchise finance loan portfolio.

Total liabilities increased $904.3 million, or 7.1%, to $13.59 billion at March 31, 2016, compared to $12.68 billion at December 31, 2015. The increase in liabilities was due to an increase in total deposits of $1.05 billion, or 8.7%, to $13.08 billion.

Total stockholders’ equity increased by $68.7 million, or 4.3%, to $1.66 billion at March 31, 2016, compared to $1.59 billion at December 31, 2015. The increase in stockholders' equity was due to net income for the three months ended March 31, 2016 and an increase in the fair value of the Company's AFS portfolio, which is recognized as part of AOCI.

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Investment securities

Investment securities are classified at the time of acquisition as either HTM, AFS, or measured at fair value based upon various factors, including asset/liability management strategies, liquidity and profitability objectives, and regulatory requirements. HTM securities are carried at amortized cost, adjusted for amortization of premiums or accretion of discounts. AFS securities are securities that may be sold prior to maturity based upon asset/liability management decisions. Investment securities classified as AFS are carried at fair value. Unrealized gains or losses on AFS securities are recorded as part of AOCI in stockholders' equity. Amortization of premiums or accretion of discounts on MBS is periodically adjusted for estimated prepayments. Investment securities measured at fair value are reported at fair value, with unrealized gains and losses included in current period earnings.

The investment securities portfolio of the Company is utilized as collateral for borrowings, required collateral for public deposits, and customer repurchase agreements, and to manage liquidity, capital, and interest rate risk. The following table summarizes the carrying value of the investment securities portfolio for each of the periods below:

	March 31, 2016	December 31, 2015
	(in thousands)	
Held-to-maturity		
Tax-exempt bonds	$21,514	$ —
Available-for-sale		
Collateralized debt obligations	$9,076	$ 10,060
Commercial MBS issued by GSEs	19,509	19,114
Corporate debt securities	13,364	13,251
CRA investments	35,089	34,685
Municipal obligations	343,033	334,830
Preferred stock	85,232	111,236
Private label commercial MBS	3,882	4,691
Private label residential MBS	343,727	257,128
Residential MBS issued by GSEs	1,135,576	1,170,221
Trust preferred securities	21,794	24,314
U.S. treasury securities	2,538	2,993
Total AFS securities	$2,012,820	$ 1,982,523
Securities measured at fair value		
Residential MBS issued by GSEs	$1,381	$ 1,481

The Company does not own any subprime MBS in its investment portfolio. The majority of its MBS are GSE issued. The remaining MBS not GSE issued consist of $303.9 million rated AAA, $36.6 million rated AA, $2.9 million rated A, $1.7 million rated BBB, and $2.6 million are non-investment grade.

Gross unrealized losses at March 31, 2016 are primarily caused by interest rate fluctuations, credit spread widening, and reduced liquidity in applicable markets. The Company has reviewed securities on which there is an unrealized loss in accordance with its accounting policy for OTTI securities described in "Note 2. Investment Securities" to the Consolidated Financial Statements contained herein. There were no impairment charges recorded during the three months ended March 31, 2016 and 2015.

The Company does not consider any securities to be other-than-temporarily impaired as of March 31, 2016 and December 31, 2015. However, the Company cannot guarantee that OTTI will not occur in future periods. At March 31, 2016, the Company had the intent and ability to retain its investments for a period of time sufficient to allow for any anticipated recovery in fair value.

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Loans

The table below summarizes the distribution of the Company's held for investment loan portfolio at the end of each of the periods indicated:

	March 31, 2016	December 31, 2015
	(in thousands)	
Loans, held for investment		
Commercial and industrial	$5,240,786	$5,114,257
Commercial real estate - non-owner occupied	2,290,969	2,283,536
Commercial real estate - owner occupied	2,032,328	2,083,285
Construction and land development	1,179,923	1,133,439
Residential real estate	302,398	322,939
Commercial leases	137,756	148,493
Consumer	33,700	26,905
Loans, net of deferred loan fees and costs	11,217,860	11,112,854
Allowance for credit losses	(119,227)	(119,068)
Total loans HFI	$11,098,633	$10,993,786

Net deferred loan fees and costs as of March 31, 2016 and December 31, 2015 total $19.8 million and $19.2 million, respectively, which is a reduction in the carrying value of loans. Net unamortized discounts on loans total $7.3 million and $8.2 million as of March 31, 2016 and December 31, 2015, respectively. Total loans held for investment are also net of interest rate and credit marks on acquired loans totaling $33.5 million and $40.5 million as of March 31, 2016 and December 31, 2015, respectively, which is a reduction in the carrying value of acquired loans.

As of March 31, 2016 and December 31, 2015, the Company also had $23.6 million and $23.8 million of HFS loans, respectively.

Concentrations of Lending Activities

The Company monitors concentrations within four broad categories: geography, industry, product, and collateral. The Company's loan portfolio includes significant credit exposure to the CRE market. At each of the periods ended March 31, 2016 and December 31, 2015, CRE related loans accounted for approximately 49% of total loans. Substantially all of these loans are secured by first liens with an initial loan to value ratio of generally not more than 75%. Approximately 47% and 48% of these CRE loans, excluding construction and land loans, were owner-occupied at March 31, 2016 and December 31, 2015, respectively.

Impaired loans

A loan is identified as impaired when it is no longer probable that interest and principal will be collected according to the contractual terms of the original loan agreement. Generally, impaired loans are classified as non-accrual. However, in certain instances, impaired loans may continue on an accrual basis if full repayment of all principal and interest is expected and the loan is both well-secured and in the process of collection. Impaired loans are measured for reserve requirements in accordance with ASC 310 based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral less applicable disposition costs if the loan is collateral dependent. The amount of an impairment reserve, if any, and any subsequent changes are charged against the allowance for credit losses.

In addition to the Company's own internal loan review process, regulators may from time to time direct the Company to modify loan grades, loan impairment calculations, or loan impairment methodology.

Total non-performing loans decreased by $18.1 million, or 14.8%, at March 31, 2016 to $104.0 million from $122.1 million at December 31, 2015.

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	March 31, 2016		December 31, 2015	
	(dollars in thousands)			
Total non-accrual loans (1)	$33,802		$48,381	
Loans past due 90 days or more on accrual status	4,488		3,028	
Troubled debt restructured loans (2)	65,713		70,707	
Total nonperforming loans	104,003		122,116	
Other impaired loans	3,064		6,758	
Total impaired loans	$107,067		$128,874	
Other assets acquired through foreclosure, net	$52,776		$43,942	
Non-accrual loans to gross loans held for investment	0.30	%	0.44	%
Loans past due 90 days or more on accrual status to gross loans held for investment	0.04		0.03	

(1) Includes non-accrual TDR loans of $14.1 million and $18.2 million as of March 31, 2016 and December 31, 2015, respectively.

(2) Includes accruing TDR loans only.

Interest income received on non-accrual loans was $0.2 million and $0.7 million for the three months ended March 31, 2016 and 2015, respectively. The interest income that would have been recorded under the original terms of non-accrual loans was $0.4 million and $0.7 million for the three months ended March 31, 2016 and 2015, respectively.

The composition of non-accrual loans by loan type and by segment were as follows:

	March 31, 2016					December 31, 2015				
	Non-accrual Balance	Percent of Non-Accrual Balance		Percent of Total HFI Loans		Non-accrual Balance	Percent of Non-Accrual Balance		Percent of Total HFI Loans	
	(dollars in thousands)									
Commercial and industrial	$13,350	39.49	%	0.12	%	$20,877	43.15	%	0.19	%
Commercial real estate	13,873	41.05		0.12		18,675	38.60		0.17	
Construction and land development	2,285	6.76		0.02		2,309	4.77		0.02	
Residential real estate	4,098	12.12		0.04		6,324	13.07		0.06	
Consumer	196	0.58		0.00		196	0.41		—	
Total non-accrual loans	$33,802	100.00	%	0.30	%	$48,381	100.00	%	0.44	%

	March 31, 2016			December 31, 2015		
	Nonaccrual Loans	Percent of Segment's Total HFI Loans		Nonaccrual Loans	Percent of Segment's Total HFI Loans	
	(dollars in thousands)					
Regional Segments						
Arizona	$4,800	0.17	%	$10,596	0.38	%
Nevada	11,856	0.69		8,010	0.46	
Southern California	2,402	0.13		2,844	0.16	
Northern California	6,373	0.57		1,590	0.14	
Total Regional Segments	25,431	0.34		23,040	0.31	
National Business Lines						
HOA Services	—	—		—	—	
Public & Nonprofit	—	—		—	—	
Technology & Innovation	1,648	0.20		10,022	1.30	

Other NBL	196	0.01		196	0.02	
Total NBL	1,844	0.05		10,218	0.28	
Corporate & Other	6,527	22.38		15,123	38.18	
Total non-accrual loans	$33,802	0.30	%	$48,381	0.44	%

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Troubled Debt Restructured Loans

A TDR loan is a loan that is granted a concession, for reasons related to a borrower's financial difficulties, that the lender would not otherwise consider. The loan terms that have been modified or restructured due to a borrower's financial situation include, but are not limited to, a reduction in the stated interest rate, an extension of the maturity or renewal of the loan at an interest rate below current market, a reduction in the face amount of the debt, a reduction in accrued interest, extensions, deferrals, renewals, and rewrites. A TDR loan is also considered impaired. Generally, a loan that is modified at an effective market rate of interest is no longer disclosed as a TDR in years subsequent to the restructuring if it is performing based on the terms specified by the restructuring agreement. However, such loans continue to be considered impaired.

As of March 31, 2016 and December 31, 2015, the aggregate amount of loans classified as impaired was $107.1 million and $128.9, respectively, a net decrease of 16.9%. The total specific allowance for credit losses related to these loans was $2.6 million and $4.7 million at March 31, 2016 and December 31, 2015, respectively. The Company had $65.7 million and $70.7 million in loans classified as accruing restructured loan at March 31, 2016 and December 31, 2015, respectively.

Impaired loans by segment at March 31, 2016 and December 31, 2015 were as follows:

	March 31, 2016	December 31, 2015
	(in thousands)	
Regional Segments		
Arizona	$15,309	$ 22,400
Nevada	53,959	56,843
Southern California	2,737	3,181
Northern California	6,052	—
Total Regional Segments	78,057	82,424
National Business Lines		
HOA	—	—
Public & Nonprofit	—	—
Technology & Innovation	1,648	10,022
Other NBL	196	196
Total NBL	1,844	10,218
Corporate & Other	27,166	36,232
Total impaired loans	$107,067	$ 128,874

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The following tables present a breakdown of total impaired loans and the related specific reserves for the periods indicated:

	March 31, 2016					
	Impaired Balance	Percent of Impaired Balance	Percent of Total HFI Loans	Reserve Balance	Percent of Reserve Balance	Percent of Total Allowance
	(dollars in thousands)					
Commercial and industrial	$21,485	20.07 %	0.19 %	$1,422	54.07 %	1.20 %
Commercial real estate	52,447	48.98	0.47	1,133	43.08	0.95
Construction and land development	17,785	16.61	0.16	—	—	—
Residential real estate	15,031	14.04	0.13	74	2.81	0.06
Consumer	319	0.30	—	1	0.04	—
Total impaired loans	$107,067	100.00 %	0.95 %	$2,630	100.00%	2.21 %

	December 31, 2015					
	Impaired Balance	Percent of Impaired Balance	Percent of Total HFI Loans	Reserve Balance	Percent of Reserve Balance	Percent of Total Allowance
	(dollars in thousands)					
Commercial and industrial	$29,409	22.82 %	0.26 %	$3,518	75.52 %	2.95 %
Commercial real estate	64,234	49.84	0.58	869	18.66	0.73
Construction and land development	18,322	14.22	0.17	—	—	—
Residential real estate	16,575	12.86	0.15	270	5.80	0.23
Consumer	334	0.26	—	1	0.02	—
Total impaired loans	$128,874	100.00 %	1.16 %	$4,658	100.00%	3.91 %

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Allowance for Credit Losses

The following table summarizes the activity in the Company's allowance for credit losses for the period indicated:

	Three Months Ended March 31,	
	2016	2015
	(dollars in thousands)	
Allowance for credit losses:		
Balance at beginning of period	$119,068	$110,216
Provision charged to operating expense:		
Commercial and industrial	5,890	3,562
Commercial real estate	(3,311)	(1,055)
Construction and land development	354	(716)
Residential real estate	(571)	(923)
Consumer	138	(168)
Total Provision	2,500	700
Recoveries of loans previously charged-off:		
Commercial and industrial	(1,576)	(916)
Commercial real estate	(3,665)	(383)
Construction and land development	(95)	(157)
Residential real estate	(257)	(533)
Consumer	(67)	(40)
Total recoveries	(5,660)	(2,029)
Loans charged-off:		
Commercial and industrial	7,491	393
Commercial real estate	410	—
Construction and land development	—	—
Residential real estate	26	400
Consumer	74	54
Total charged-off	8,001	847
Net charge-offs (recoveries)	2,341	(1,182)
Balance at end of period	$119,227	$112,098
Net charge-offs (recoveries) to average loans - annualized	0.08 %	(0.06)%
Allowance for credit losses to gross loans	1.06	1.27

The following table summarizes the allocation of the allowance for credit losses by loan type. However, the allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

	Commercial and Industrial	Commercial Real Estate	Construction and Land Development	Residential Real Estate	Consumer	Total
	(dollars in thousands)					
March 31, 2016						
Allowance for Credit Losses	$71,156	$23,104	$19,425	$4,938	$604	$119,227
Percent of Total Allowance for Credit Losses	59.7 %	19.4 %	16.3 %	4.1 %	0.5 %	100.0 %
Percent of Gross Loans to Total Gross HFI Loans	48.0	38.5	10.5	2.7	0.3	100.0
December 31, 2015						
Allowance for Credit Losses	$71,181	$23,160	$18,976	$5,278	$473	$119,068
	59.8 %	19.5 %	15.9 %	4.4 %	0.4 %	100.0 %

Percent of Total Allowance for Credit Losses						
Percent of Gross Loans to Total Gross HFI Loans	47.4	39.3	10.2	2.9	0.2	100.0

While the allowance for credit losses increased by $0.2 million from December 31, 2015, the allowance for credit losses to gross loans ratio decreased by 1 basis point from December 31, 2015 due to factors including loan mix and other qualitative and quantitative factors. See "Non-GAAP Financial Measures" in "Item 2. Management's Discussion and Analysis of Financial

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Condition and Results of Operations" for an allowance for credit losses to gross loans ratio that has been adjusted for acquisition accounting.

Problem Loans

The Company classifies loans consistent with federal banking regulations using a nine category grading system. These loan grades are described in further detail in "Item 1. Business" of the Company's Annual Report on Form 10-K for the year ended December 31, 2015. The following table presents information regarding potential and actual problem loans, consisting of loans graded Special Mention, Substandard, Doubtful, and Loss, but still performing, and excluding acquired loans:

	March 31, 2016			
	Number of Loans	Loan Balance	Percent of Loan Balance	Percent of Total HFI Loan Balance
	(dollars in thousands)			
Commercial and industrial	94	$57,407	48.92 %	0.51 %
Commercial real estate	50	36,107	30.76	0.32
Construction and land development	3	17,761	15.13	0.16
Residential real estate	15	5,866	5.00	0.06
Consumer	9	228	0.19	—
Total	171	$117,369	100.00%	1.05 %

	December 31, 2015			
	Number of Loans	Loan Balance	Percent of Loan Balance	Percent of Total HFI Loan Balance
	(dollars in thousands)			
Commercial and industrial	90	$80,011	55.69 %	0.72 %
Commercial real estate	50	40,345	28.08	0.36
Construction and land development	3	17,734	12.34	0.16
Residential real estate	12	5,309	3.70	0.05
Consumer	8	271	0.19	—
Total	163	$143,670	100.00%	1.29 %

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Other Assets Acquired Through Foreclosure

The following table represents the changes in other assets acquired through foreclosure:

	Three Months Ended March 31, 2016		
	Gross Balance	Valuation Allowance	Net Balance
	(in thousands)		
Balance, beginning of period	$52,984	$(9,042)	$43,942
Transfers to other assets acquired through foreclosure, net	10,638	—	10,638
Proceeds from sale of other real estate owned and repossessed assets, net	(2,436)	295	(2,141)
Valuation adjustments, net	—	177	177
Gains, net (1)	160	—	160
Balance, end of period	$61,346	$(8,570)	$52,776
	Three Months Ended March 31, 2015		
Balance, beginning of period	$71,421	$(14,271)	$57,150
Transfers to other assets acquired through foreclosure, net	7,720	—	7,720
Proceeds from sale of other real estate owned and repossessed assets, net	(2,288)	848	(1,440)
Valuation adjustments, net	—	(786)	(786)
Gains, net (1)	1,115	—	1,115
Balance, end of period	$77,968	$(14,209)	$63,759

(1) Includes net gains related to initial transfers to other assets of zero and $0.6 million during the three months ended March 31, 2016 and 2015, respectively, pursuant to accounting guidance.

Other assets acquired through foreclosure consist primarily of properties acquired as a result of, or in-lieu-of, foreclosure. OREO and other repossessed property are reported at the lower of carrying value or fair value less estimated costs to sell the property. Costs relating to the development or improvement of the assets are capitalized and costs relating to holding the assets are charged to expense. The Company had $52.8 million, $43.9 million, and $63.8 million of such assets at March 31, 2016, December 31, 2015, and March 31, 2015, respectively.

At March 31, 2016, the Company held 37 OREO properties, compared to 39 at December 31, 2015, and 68 at March 31, 2015.

Goodwill and Other Intangible Assets

Goodwill represents the excess consideration paid for net assets acquired in a business combination over their fair value. Goodwill and other intangible assets acquired in a business combination that are determined to have an indefinite useful life are not subject to amortization, but are subsequently evaluated for impairment at least annually. The Company has goodwill of $288.9 million and intangible assets totaling $15.0 million at March 31, 2016, which have been allocated to the Nevada, Northern California, and NBL operating segments.

The Company performs its annual goodwill and intangibles impairment tests as of October 1 each year, or more often if events or circumstances indicate that the carrying value may not be recoverable. During the three months ended March 31, 2016 and 2015, and there were no events or circumstances that indicated an interim impairment test of goodwill or other intangible assets was necessary.

During the three months ended March 31, 2016, the Company identified $0.7 million in measurement period adjustments from the Bridge acquisition, primarily related to a reduction in accrued liabilities. Although further measurement period adjustments are not expected to be significant, the estimated fair value of tax related items and other liabilities are still preliminary and subject to additional measurement period adjustments through June 30, 2016.

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Deferred Tax Assets

For the three months ended March 31, 2016, the net deferred tax assets decreased $12.4 million to $74.0 million. This overall decrease in the net deferred tax asset was primarily the result of decreases to deferred tax assets from a change in the fair market value of junior subordinated debt and AFS securities, vesting of stock-based compensation awards, and fair market value adjustments related to acquired loans.

As of March 31, 2016 and December 31, 2015, the Company did not have a deferred tax valuation allowance.

Deposits

Deposits are the primary source for funding the Company's asset growth. Total deposits increased to $13.08 billion at March 31, 2016, from $12.03 billion at December 31, 2015, an increase of $1.05 billion, or 8.7%.

Non-interest-bearing demand deposits increased by $541.2 million from December 31, 2015. Savings and money market deposits increased $354.0 million from December 31, 2015.

WAB is a member of Promontory, a network that offers deposit placement services such as CDARS and ICS, which offer products that qualify large deposits for FDIC insurance. At March 31, 2016, the Company had $498.6 million of CDARS deposits and $750.4 million of ICS deposits, compared to $517.5 million of CDARS deposits and $714.4 million of ICS deposits at December 31, 2015. At March 31, 2016 and December 31, 2015, the Company also had $269.4 million and $178.8 million, respectively, of wholesale brokered deposits. There was also $432.6 million and $365.6 million of additional deposits as of March 31, 2016 and December 31, 2015, respectively, that the Company considers core deposits, but which are classified as brokered deposits for regulatory reporting purposes.

The average balances and weighted average rates paid on deposits are presented below:

	Three Months Ended March 31,			
	2016		2015	
	Average Balance	Rate	Average Balance	Rate
	(dollars in thousands)			
Interest checking (NOW)	$1,091,886	0.17%	$919,992	0.17%
Savings and money market	5,333,905	0.30	3,909,414	0.28
Time certificates of deposit	1,561,496	0.45	1,935,493	0.41
Total interest-bearing deposits	7,987,287	0.31	6,764,899	0.30
Non-interest-bearing demand deposits	4,350,132	—	2,369,850	—
Total deposits	$12,337,419	0.20%	$9,134,749	0.23%

Other Borrowings

The Company from time to time utilizes short-term borrowed funds to support short-term liquidity needs generally created by increased loan demand. The majority of these short-term borrowed funds consist of advances from the FHLB and customer repurchase agreements. The Company’s borrowing capacity with the FHLB is determined based on collateral pledged, generally consisting of securities and loans. In addition, the Company has borrowing capacity from other sources, collateralized by securities, including securities sold under agreements to repurchase, which are reflected at the amount of cash received in connection with the transaction, and may require additional collateral based on the fair value of the underlying securities. At March 31, 2016, total short-term borrowed funds consisted of customer repurchase agreements of $36.1 million and federal funds purchased of $0.2 million. At December 31, 2015, total short-term borrowed funds consisted of customer repurchase agreements of $38.2 million and FHLB advances of $150.0 million.

Qualifying Debt

At March 31, 2016, total qualifying debt consisted of $153.2 million of subordinated debt and junior subordinated debt of $57.2 million, inclusive of issuance costs and fair market value adjustments, respectively. At December 31, 2015, qualifying debt consisted of subordinated debt of $152.0 million and junior subordinated debt of $58.4 million.

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Critical Accounting Policies

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties and could potentially result in materially different results under different assumptions and conditions. The critical accounting policies upon which the Company's financial condition and results of operations depend, and which involve the most complex subjective decisions or assessments, are included in the discussion entitled "Critical Accounting Policies" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, and all amendments thereto, as filed with the SEC. There were no material changes to the critical accounting policies disclosed in the Annual Report on Form 10-K.

Liquidity

Liquidity is the ongoing ability to accommodate liability maturities and deposit withdrawals, fund asset growth and business operations, and meet contractual obligations through unconstrained access to funding at reasonable market rates. Liquidity management involves forecasting funding requirements and maintaining sufficient capacity to meet the needs and accommodate fluctuations in asset and liability levels due to changes in the Company's business operations or unanticipated events.

The ability to have readily available funds sufficient to repay fully maturing liabilities is of primary importance to depositors, creditors, and regulators. The Company's liquidity, represented by cash and amounts due from banks, federal funds sold, and non-pledged marketable securities, is a result of its operating, investing, and financing activities and related cash flows. In order to ensure funds are available when necessary, on at least a quarterly basis, the Company projects the amount of funds that will be required over a twelve month period and it also strives to maintain relationships with a diversified customer base. Liquidity requirements can also be met through short-term borrowings or the disposition of short-term assets.

The following table presents the available and outstanding balances of the Company's lines of credit:

	March 31, 2016	
	Available Balance	Outstanding Balance
	(in millions)	
Unsecured fed funds credit lines at correspondent banks	$ 100.0	$ 0.2
Other lines with correspondent banks:		
Secured other lines with correspondent banks	25.0	—
Unsecured other lines with correspondent banks	45.0	—
Total other lines with correspondent banks	$ 70.0	$ —

In addition to lines of credit, the Company has borrowing capacity with the FHLB and FRB from pledged loans and securities. The borrowing capacity, outstanding borrowings, and available credit as of March 31, 2016 are presented in the following table:

	March 31, 2016 (in millions)
FHLB:	
Borrowing capacity	$ 1,967.2
Outstanding borrowings	—
Letters of credit	468.3
Total available credit	$ 1,498.9
FRB:	
Borrowing capacity	$ 1,258.5
Outstanding borrowings	—
Total available credit	$ 1,258.5

The Company has a formal liquidity policy and, in the opinion of management, its liquid assets are considered adequate to meet cash flow needs for loan funding and deposit cash withdrawals for the next 90-120 days. At March 31, 2016, there was $2.20 billion in liquid assets, comprised of $1.03 billion in cash, cash equivalents, and money market investments and $1.17 billion in

unpledged marketable securities. At December 31, 2015, the Company maintained $1.26 billion in liquid assets, comprised of $224.8 million of cash, cash equivalents, and money market investments, and $1.04 billion of unpledged marketable securities.

The Parent maintains liquidity that would be sufficient to fund its operations and certain non-bank affiliate operations for an extended period should funding from normal sources be disrupted. Since deposits are taken by WAB and not by the Parent, Parent liquidity is not dependent on the bank's deposit balances. In the Company's analysis of Parent liquidity, it is assumed that the Parent is unable to generate funds from additional debt or equity issuances, receives no dividend income from subsidiaries and does not pay dividends to stockholders, while continuing to make nondiscretionary payments needed to maintain operations and repayment of contractual principal and interest payments owed by the Parent and affiliated companies. Under this scenario, the amount of time the Parent and its non-bank subsidiary can operate and meet all obligations before the current liquid assets are exhausted is considered as part of the Parent liquidity analysis. Management believes the Parent maintains adequate liquidity capacity to operate without additional funding from new sources for over twelve months.

WAB maintains sufficient funding capacity to address large increases in funding requirements, such as deposit outflows. This capacity is comprised of liquidity derived from a reduction in asset levels and various secured funding sources. On a long-term basis, the Company’s liquidity will be met by changing the relative distribution of its asset portfolios (for example, by reducing investment or loan volumes, or selling or encumbering assets). Further, the Company can increase liquidity by soliciting higher levels of deposit accounts through promotional activities and/or borrowing from correspondent banks, the FHLB of San Francisco, and the FRB. At March 31, 2016, the Company's long-term liquidity needs primarily relate to funds required to support loan originations, commitments, and deposit withdrawals, which can be met by cash flows from investment payments and maturities, and investment sales, if necessary.

The Company’s liquidity is comprised of three primary classifications: 1) cash flows provided by operating activities; 2) cash flows used in investing activities; and 3) cash flows provided by financing activities. Net cash provided by or used in operating activities consists primarily of net income, adjusted for changes in certain other asset and liability accounts and certain non-cash income and expense items, such as the provision for credit losses, investment and other amortization and depreciation. For the three months ended March 31, 2016, and 2015, net cash provided by operating activities was $71.3 million and $72.6 million respectively.

The Company's primary investing activities are the origination of real estate and commercial loans, the collection of repayments of these loans, and the purchase and sale of securities. The Company's net cash provided by and used in investing activities has been primarily influenced by its loan and securities activities. The net increase in loans for the three months ended March 31, 2016 and 2015 was $105.4 million and $440.4 million, respectively. There was a net increase in investment securities for the three months ended March 31, 2016 of $36.5 million, compared to a net decrease of $130.3 million for the three months ended March 31, 2015

Net cash provided by financing activities has been impacted significantly by increased deposit levels. During the three months ended March 31, 2016 and 2015, net deposits increased $1.05 billion and $731.4 million, respectively.

Fluctuations in core deposit levels may increase the Company's need for liquidity as certificates of deposit mature or are withdrawn before maturity, and as non-maturity deposits, such as checking and savings account balances, are withdrawn. Additionally, the Company is exposed to the risk that customers with large deposit balances will withdraw all or a portion of such deposits, due in part to the FDIC limitations on the amount of insurance coverage provided to depositors. To mitigate the uninsured deposit risk, the Company has joined the CDARS and ICS programs, which allow an individual customer to invest up to $50.0 million and $110.0 million, respectively, through one participating financial institution or, a combined total of $150.0 million per individual customer, with the entire amount being covered by FDIC insurance. As of March 31, 2016, the Company had $498.6 million of CDARS and $750.4 million of ICS deposits.

As of March 31, 2016, the Company had $269.4 million of wholesale brokered deposits outstanding. Brokered deposits are generally considered to be deposits that have been received from a third party who is engaged in the business of placing deposits on behalf of others. A traditional deposit broker will direct deposits to the banking institution offering the highest interest rate available. Federal banking laws and regulations place restrictions on

depository institutions regarding brokered deposits because of the general concern that these deposits are not relationship based and are at a greater risk of being withdrawn and placed on deposit at another institution offering a higher interest rate, thus posing liquidity risk for institutions that gather brokered deposits in significant amounts. There was also $432.6 million and $365.6 million of additional deposits as of March 31, 2016 and December 31, 2015, respectively, that the Company considers core deposits, but which are classified as brokered deposits for regulatory reporting purposes.

Federal and state banking regulations place certain restrictions on dividends paid. The total amount of dividends which may be paid at any date is generally limited to the retained earnings of the bank. Dividends paid by WAB to the Parent would be

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prohibited if the effect thereof would cause the bank's capital to be reduced below applicable minimum capital requirements. During the three months ended March 31, 2016, the Parent contributed $20.0 million to WAB and $24.0 million to LVSP.

Capital Resources

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements could trigger certain mandatory or discretionary actions that, if undertaken, could have a direct material effect on the Company's business and financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

As of March 31, 2016 and December 31, 2015, the Company and the Bank exceeded the capital levels necessary to be classified as well-capitalized, as defined by the banking agencies. The actual capital amounts and ratios for the Company and the Bank are presented in the following tables as of the periods indicated:

	Total Capital	Tier 1 Capital	Risk-Weighted Assets	Tangible Average Assets	Total Capital Ratio	Tier 1 Capital Ratio	Tier 1 Leverage Ratio	Common Equity Tier 1
	(dollars in thousands)							
March 31, 2016								
WAL	$1,655,025	$1,397,567	$13,426,265	$14,139,580	12.3 %	10.4 %	9.9 %	9.9 %
WAB	1,560,225	1,287,923	13,340,629	14,025,515	11.7	9.7	9.2	9.7
Well-capitalized ratios					10.0	8.0	5.0	6.5
Minimum capital ratios					8.0	6.0	4.0	4.5
December 31, 2015								
WAL	$1,603,472	$1,341,011	$13,193,563	$13,683,148	12.2 %	10.2 %	9.8 %	9.7 %
WAB	$1,485,070	$1,213,304	$13,073,394	$13,561,251	11.4 %	9.3 %	9.0 %	9.3
Well-capitalized ratios					10.0	8.0	5.0	6.5
Minimum capital ratios					8.0	6.0	4.0	4.5

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Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Market risk is the risk of loss in a financial instrument arising from adverse changes in market prices and rates, foreign currency exchange rates, commodity prices, and equity prices. The Company's market risk arises primarily from interest rate risk inherent in its lending, investing, and deposit taking activities. To that end, management actively monitors and manages the Company's interest rate risk exposure. The Company generally manages its interest rate sensitivity by evaluating re-pricing opportunities on its earning assets to those on its funding liabilities.

Management uses various asset/liability strategies to manage the re-pricing characteristics of the Company's assets and liabilities, all of which are designed to ensure that exposure to interest rate fluctuations is limited to within the Company's guidelines of acceptable levels of risk-taking. Hedging strategies, including the terms and pricing of loans and deposits and management of the deployment of its securities, are used to reduce mismatches in interest rate re-pricing opportunities of portfolio assets and their funding sources.

Interest rate risk is addressed by the ALCO, which includes members of executive management, finance, and operations. ALCO monitors interest rate risk by analyzing the potential impact on the net EVE and net interest income from potential changes in interest rates and considers the impact of alternative strategies or changes in balance sheet structure. The Company manages its balance sheet in part to maintain the potential impact on EVE and net interest income within acceptable ranges despite changes in interest rates.

The Company's exposure to interest rate risk is reviewed at least quarterly by the ALCO. Interest rate risk exposure is measured using interest rate sensitivity analysis to determine its change in both EVE and net interest income in the event of hypothetical changes in interest rates. If potential changes to EVE and net interest income resulting from hypothetical interest rate changes are not within the limits established by the Bank’s BOD, the BOD may direct management to adjust the asset and liability mix to bring interest rate risk within Board-approved limits.

Net Interest Income Simulation. In order to measure interest rate risk at March 31, 2016, the Company used a simulation model to project changes in net interest income that result from forecasted changes in interest rates. This analysis calculates the difference between a baseline net interest income forecast using current yield curves that do not take into consideration any future anticipated rate hikes, compared to forecasted net income resulting from an immediate parallel shift in rates upward or downward, along with other scenarios directed by ALCO. The income simulation model includes various assumptions regarding the re-pricing relationships for each of the Company's products. Many of the Company's assets are floating rate loans, which are assumed to re-price immediately and, proportional to the change in market rates, depending on their contracted index. Some loans and investments contain contractual prepayment features (embedded options) and, accordingly, the simulation model incorporates prepayment assumptions. The Company's non-term deposit products re-price more slowly, usually changing less than the change in market rates and at the Company's discretion.

This analysis indicates the impact of changes in net interest income for the given set of rate changes and assumptions. It assumes the balance sheet remains static and that its structure does not change over the course of the year. It does not account for all factors that could impact the Company's results, including changes by management to mitigate interest rate changes or secondary factors such as changes to the Company's credit risk profile as interest rates change. Furthermore, loan prepayment rate estimates and spread relationships change regularly. Interest rate changes create changes in actual loan prepayment speeds that will differ from the market estimates incorporated in this analysis. Changes that vary significantly from the modeled assumptions may have significant effects on the Company's actual net interest income.

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This simulation model assesses the changes in net interest income that would occur in response to an instantaneous and sustained increase or decrease (shock) in market interest rates. At March 31, 2016, the Company's net interest income exposure for the next twelve months related to these hypothetical changes in market interest rates was within the Company's current guidelines.

Sensitivity of Net Interest Income

	Interest Rate Scenario (change in basis points from Base)					
	Down 100	Base	Up 100	Up 200	Up 300	Up 400
	(in thousands)					
Interest Income	$614,013	$624,362	$693,235	$766,854	$842,770	$919,073
Interest Expense	38,144	38,202	72,983	107,768	142,556	177,349
Net Interest Income	575,869	586,160	620,252	659,086	700,214	741,724
% Change	(1.8)%		5.8 %	12.4 %	19.5 %	26.5 %

Economic Value of Equity. The Company measures the impact of market interest rate changes on the NPV of estimated cash flows from its assets, liabilities, and off-balance sheet items, defined as EVE, using a simulation model. This simulation model, which includes Bridge, assesses the changes in the market value of interest rate sensitive financial instruments that would occur in response to an instantaneous and sustained increase or decrease (shock) in market interest rates.

At March 31, 2016, the Company's EVE exposure related to these hypothetical changes in market interest rates was within the Company's current guidelines. The following table shows the Company's projected change in EVE for this set of rate shocks at March 31, 2016:

Economic Value of Equity

	Interest Rate Scenario (change in basis points from Base)					
	Down 100	Base	Up 100	Up 200	Up 300	Up 400
	(in thousands)					
Assets	$15,431,358	$15,282,265	$15,021,502	$14,764,567	$14,521,172	$14,288,009
Liabilities	12,847,176	12,483,566	12,165,983	11,881,471	11,619,180	11,376,821
Net Present Value	2,584,182	2,798,699	2,855,519	2,883,096	2,901,992	2,911,188
% Change	(7.7)%		2.0 %	3.0 %	3.7 %	4.0 %

The computation of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, asset prepayments, and deposit decay, and should not be relied upon as indicative of actual results. Further, the computations do not contemplate any actions the Company may undertake in response to changes in interest rates. Actual amounts may differ from the projections set forth above should market conditions vary from the underlying assumptions.

Derivative Contracts. In the normal course of business, the Company uses derivative instruments to meet the needs of its customers and manage exposure to fluctuations in interest rates. The following table summarizes the aggregate notional amounts, market values, and terms of the Company’s derivative positions as of March 31, 2016 and December 31, 2015:

Outstanding Derivatives Positions

March 31, 2016			December 31, 2015		
Notional	Net Value	Weighted Average Term (Years)	Notional	Net Value	Weighted Average Term (Years)
(dollars in thousands)					
$797,304	$(84,248)	14.2	$800,478	$(61,216)	14.5

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Item 4. Controls and Procedures.

Evaluation of Disclosure Controls

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, the CEO and CFO have concluded that the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, as amended, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Additionally, the Company's disclosure controls and procedures were also effective in ensuring that information required to be disclosed by the Company in the reports it files or is subject to under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting during the quarter ended March 31, 2016, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

There are no material pending legal proceedings to which the Company is a party or to which any of its properties are subject. There are no material proceedings known to the Company to be contemplated by any governmental authority. From time to time, the Company is involved in a variety of litigation matters in the ordinary course of business and anticipates that the Company will become involved in new litigation matters in the future.

Item 1A. Risk Factors.

There have not been any material changes to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Item 5. Other Information.

Not applicable.

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Item 6. Exhibits.

EXHIBITS

2.1	Asset Purchase Agreement, dated March 29, 2016, between Western Alliance Bank and GE Capital US Holdings, Inc. (incorporated by reference to Exhibit 2.1 to Western Alliance's Form 8-K filed with the SEC on April 21, 2016).
3.1	Certificate of Incorporation, as filed with the Delaware Secretary of State on May 29, 2014 (incorporated by reference to Exhibit 3.3 of Western Alliance’s Form 8-K filed with the SEC on June 3, 2014).
3.2	Certificate of Designation of Non-Cumulative Perpetual Preferred Stock, Series B, as filed with the Delaware Secretary of State on May 29, 2014 (incorporated by reference to Exhibit 3.4 of Western Alliance’s Form 8-K filed with the SEC on June 3, 2014).
3.3	Amended and Restated Bylaws of Western Alliance, effective as of May 19, 2015 (incorporated by reference to Exhibit 3.2 of Western Alliance's Form 8-K filed with the SEC on May 22, 2015).
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Western Alliance’s Form 8-K filed with the SEC on June 3, 2014).
4.2	Senior Debt Indenture, dated August 25, 2010, between Western Alliance and Wells Fargo Bank, National Association, as trustee. (incorporated by reference to Exhibit 4.1 of Western Alliance’s Form 8-K filed with the SEC on August 25, 2010).
4.3	First Supplemental Indenture, dated August 25, 2010, between Western Alliance and Wells Fargo Bank, National Association, as trustee. (incorporated by reference to Exhibit 4.2 of Western Alliance’s Form 8-K filed with the SEC on August 25, 2010).
4.4	Form of 10.00% Senior Notes due 2015 (incorporated by reference to Exhibit 4.3 of Western Alliance’s Form 8-K filed with the SEC on August 25, 2010).
4.5	Form of Non-Cumulative Perpetual Preferred Stock, Series B, stock certificate (incorporated by reference to Exhibit 4.8 of Western Alliance’s Annual Report on form 10-K filed with the SEC on March 2, 2012).
4.6	Form of Senior Debt Indenture (incorporated by reference to Exhibit 4.2 of Western Alliance's Form S-3 filed with the SEC on May 7, 2015).
4.7	Form of Subordinated Debt Indenture (incorporated by reference to Exhibit 4.3 of Western Alliance's Form S-3 filed with the SEC on May 7, 2015).
4.8	Form of 5.00% Fixed to Floating Rate Subordinated Bank Note due July 15, 2025 (incorporated by reference to Exhibit 4.1 of Western Alliance's Form 8-K filed with the SEC on July 2, 2015).
10.1 *	Amended Western Alliance 2016 Bonus Plan.

31.1*	CEO Certification Pursuant Rule 13a-14(a)/15d-14(a).
31.2*	CFO Certification Pursuant Rule 13a-14(a)/15d-14(a).
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CEO and CFO Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes Oxley Act of 2002.

101.INS* XBRL Instance Document.

101.SCH* XBRL Taxonomy Extension Schema Document.

101.DEF* XBRL Taxonomy Extension Definition Linkbase Document.

101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document.

101.LAB* XBRL Taxonomy Extension Label Linkbase Document.

101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		WESTERN ALLIANCE BANCORPORATION
April 29, 2016	By:	/s/ Robert Sarver Robert Sarver Chairman of the Board and Chief Executive Officer
April 29, 2016	By:	/s/ Dale Gibbons Dale Gibbons Executive Vice President and Chief Financial Officer
April 29, 2016	By:	/s/ J. Kelly Ardrey Jr. J. Kelly Ardrey Jr. Senior Vice President and Chief Accounting Officer