

**NVR, Inc.**  
Consolidated Balance Sheets  
(in thousands, except share and per share data)

	December 31, 2018	December 31, 2017
<b>ASSETS</b>		
<i>Homebuilding:</i>		
Cash and cash equivalents	\$ 688,783	\$ 645,087
Restricted cash	16,982	19,438
Receivables	18,641	20,026
Inventory:		
Lots and housing units, covered under sales agreements with customers	1,076,904	1,046,094
Unsold lots and housing units	115,631	148,620
Land under development	38,857	34,212
Building materials and other	21,718	17,273
	<u>1,253,110</u>	<u>1,246,199</u>
Contract land deposits, net	396,177	370,429
Property, plant and equipment, net	42,234	43,191
Reorganization value in excess of amounts allocable to identifiable assets, net	41,580	41,580
Deferred tax assets, net	112,333	111,953
Other assets	71,671	86,977
	<u>2,641,511</u>	<u>2,584,880</u>
<i>Mortgage Banking:</i>		
Cash and cash equivalents	23,092	21,707
Restricted cash	3,071	2,256
Mortgage loans held for sale, net	458,324	352,489
Property and equipment, net	6,510	6,327
Reorganization value in excess of amounts allocable to identifiable assets, net	7,347	7,347
Other assets	26,078	14,273
	<u>524,422</u>	<u>404,399</u>
<b>Total assets</b>	<u><u>\$ 3,165,933</u></u>	<u><u>\$ 2,989,279</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<i>Homebuilding:</i>		
Accounts payable	\$ 244,496	\$ 261,973
Accrued expenses and other liabilities	332,871	341,891
Customer deposits	138,246	150,033
Senior notes	597,681	597,066
	<u>1,313,294</u>	<u>1,350,963</u>
<i>Mortgage Banking:</i>		
Accounts payable and other liabilities	44,077	32,824
	<u>44,077</u>	<u>32,824</u>
<b>Total liabilities</b>	<u>1,357,371</u>	<u>1,383,787</u>
<i>Commitments and contingencies</i>		
<i>Shareholders' equity:</i>		
Common stock, \$0.01 par value; 60,000,000 shares authorized; 20,555,330 shares issued as of both December 31, 2018 and December 31, 2017	206	206
Additional paid-in capital	1,820,223	1,644,197
Deferred compensation trust – 107,340 and 108,640 shares of NVR, Inc. common stock as of December 31, 2018 and December 31, 2017, respectively	(16,937)	(17,383)
Deferred compensation liability	16,937	17,383
Retained earnings	7,031,333	6,231,940
Less treasury stock at cost – 16,977,499 and 16,864,324 shares as of December 31, 2018 and December 31, 2017, respectively	(7,043,200)	(6,270,851)
<b>Total shareholders' equity</b>	<u>1,808,562</u>	<u>1,605,492</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>\$ 3,165,933</u></u>	<u><u>\$ 2,989,279</u></u>

See notes to consolidated financial statements.

**NVR, Inc.**  
Consolidated Statements of Income  
(in thousands, except per share data)

	Year Ended December 31,		
	2018	2017	2016
<b>Homebuilding:</b>			
Revenues	\$ 7,004,304	\$ 6,175,521	\$ 5,709,223
Other income	11,839	6,536	2,820
Cost of sales	(5,692,127)	(4,990,378)	(4,707,861)
Selling, general and administrative	(428,874)	(392,272)	(382,459)
Operating income	895,142	799,407	621,723
Interest expense	(24,036)	(23,037)	(20,621)
Homebuilding income	871,106	776,370	601,102
<b>Mortgage Banking:</b>			
Mortgage banking fees	159,370	130,319	113,321
Interest income	11,593	7,850	7,569
Other income	2,546	2,048	1,652
General and administrative	(83,838)	(68,528)	(60,861)
Interest expense	(1,045)	(1,148)	(1,086)
Mortgage banking income	88,626	70,541	60,595
<b>Income before taxes</b>	959,732	846,911	661,697
Income tax expense	(162,535)	(309,390)	(236,435)
<b>Net income</b>	<u>\$ 797,197</u>	<u>\$ 537,521</u>	<u>\$ 425,262</u>
<b>Basic earnings per share</b>	<u>\$ 219.58</u>	<u>\$ 144.00</u>	<u>\$ 110.53</u>
<b>Diluted earnings per share</b>	<u>\$ 194.80</u>	<u>\$ 126.77</u>	<u>\$ 103.61</u>
<b>Basic weighted average shares outstanding</b>	<u>3,631</u>	<u>3,733</u>	<u>3,847</u>
<b>Diluted weighted average shares outstanding</b>	<u>4,092</u>	<u>4,240</u>	<u>4,104</u>

See notes to consolidated financial statements.

**NVR, Inc.**  
Consolidated Statements of Cash Flows  
(in thousands)

	Year Ended December 31,		
	2018	2017	2016
<b><i>Cash flows from operating activities:</i></b>			
Net income	\$ 797,197	\$ 537,521	\$ 425,262
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	20,168	22,667	22,269
Equity-based compensation expense	75,701	44,562	43,598
Contract land deposit and other impairments (recoveries), net	11,760	1,238	(4,269)
Gain on sale of loans, net	(122,755)	(99,132)	(85,535)
Deferred tax expense (benefit)	914	61,290	(10,024)
Mortgage loans closed	(4,828,615)	(4,077,372)	(3,660,269)
Mortgage loans sold and principal payments on mortgage loans held for sale	4,845,999	4,182,220	3,710,250
Distribution of earnings from unconsolidated joint ventures	4,596	4,788	10,016
Net change in assets and liabilities:			
Increase in inventory	(6,911)	(154,099)	(85,194)
(Increase) decrease in contract land deposits	(30,863)	8,177	(32,280)
Increase in receivables	(1,008)	(348)	(8,779)
(Decrease) increase in accounts payable and accrued expenses	(30,713)	10,789	58,532
(Decrease) increase in customer deposits	(11,787)	27,797	11,271
Other, net	(557)	256	(1,860)
Net cash provided by operating activities	<u>723,126</u>	<u>570,354</u>	<u>392,988</u>
<b><i>Cash flows from investing activities:</i></b>			
Investments in and advances to unconsolidated joint ventures	(284)	(3,800)	(653)
Distribution of capital from unconsolidated joint ventures	10,515	8,029	11,672
Purchase of property, plant and equipment	(19,665)	(20,269)	(22,369)
Proceeds from the sale of property, plant and equipment	1,257	847	1,000
Net cash used in investing activities	<u>(8,177)</u>	<u>(15,193)</u>	<u>(10,350)</u>
<b><i>Cash flows from financing activities:</i></b>			
Purchase of treasury stock	(846,134)	(422,166)	(455,351)
Distributions to partner in consolidated variable interest entity	(234)	—	(150)
Proceeds from the exercise of stock options	174,110	140,525	38,106
Net cash used in financing activities	<u>(672,258)</u>	<u>(281,641)</u>	<u>(417,395)</u>
Net increase (decrease) in cash, restricted cash, and cash equivalents	42,691	273,520	(34,757)
Cash, restricted cash, and cash equivalents, beginning of the year	<u>689,557</u>	<u>416,037</u>	<u>450,794</u>
Cash, restricted cash, and cash equivalents, end of the year	<u><u>\$ 732,248</u></u>	<u><u>\$ 689,557</u></u>	<u><u>\$ 416,037</u></u>
<b><i>Supplemental disclosures of cash flow information:</i></b>			
Interest paid during the year, net of interest capitalized	<u>\$ 24,178</u>	<u>\$ 23,251</u>	<u>\$ 20,922</u>
Income taxes paid during the year, net of refunds	<u><u>\$ 181,166</u></u>	<u><u>\$ 260,232</u></u>	<u><u>\$ 218,984</u></u>

See notes to consolidated financial statements.