

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

	December 31, 2017	December 31, 2016
<b>ASSETS</b>		
<i>Homebuilding:</i>		
Cash and cash equivalents	\$ 645,087	\$ 375,748
Restricted cash	19,438	17,561
Receivables	20,026	18,937
Inventory:		
Lots and housing units, covered under sales agreements with customers	1,046,094	883,868
Unsold lots and housing units	148,620	145,065
Land under development	34,212	46,999
Building materials and other	17,273	16,168
	1,246,199	1,092,100
Contract land deposits, net	370,429	379,844
Property, plant and equipment, net	43,191	45,915
Reorganization value in excess of amounts allocable to identifiable assets, net	41,580	41,580
Deferred tax assets, net	111,953	170,652
Other assets	86,977	91,009
	2,584,880	2,233,346
<i>Mortgage Banking:</i>		
Cash and cash equivalents	21,707	19,657
Restricted cash	2,256	1,857
Mortgage loans held for sale, net	352,489	351,958
Property and equipment, net	6,327	4,903
Reorganization value in excess of amounts allocable to identifiable assets, net	7,347	7,347
Other assets	14,273	24,875
	404,399	410,597
<b>Total assets</b>	<b>\$ 2,989,279</b>	<b>\$ 2,643,943</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<i>Homebuilding:</i>		
Accounts payable	\$ 261,973	\$ 251,212
Accrued expenses and other liabilities	341,891	337,200
Customer deposits	150,033	122,236
Senior notes	597,066	596,455
	1,350,963	1,307,103
<i>Mortgage Banking:</i>		
Accounts payable and other liabilities	32,824	32,399
	32,824	32,399
<b>Total liabilities</b>	<b>1,383,787</b>	<b>1,339,502</b>
<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, 2017 and December 31, 2016	206	206
Additional paid-in capital	1,644,197	1,515,828
Deferred compensation trust – 108,640 shares of NVR, Inc. common stock as of both December 31, 2017 and December 31, 2016	(17,383)	(17,375)
Deferred compensation liability	17,383	17,375
Retained earnings	6,231,940	5,695,376
Less treasury stock at cost – 16,864,324 and 16,862,327 shares as of December 31, 2017 and December 31, 2016, respectively	(6,270,851)	(5,906,969)
<b>Total shareholders' equity</b>	<b>1,605,492</b>	<b>1,304,441</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,989,279</b>	<b>\$ 2,643,943</b>

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2017	2016	2015
<b>Homebuilding:</b>			
Revenues	\$ 6,175,521	\$ 5,709,223	\$ 5,065,200
Other income	6,536	2,820	2,956
Cost of sales	(4,990,378)	(4,707,861)	(4,118,782)
Selling, general and administrative	(392,272)	(382,459)	(371,127)
Operating income	799,407	621,723	578,247
Interest expense	(23,037)	(20,621)	(22,918)
Homebuilding income	776,370	601,102	555,329
<b>Mortgage Banking:</b>			
Mortgage banking fees	130,319	113,321	93,808
Interest income	7,850	7,569	6,485
Other income	2,048	1,652	1,113
General and administrative	(68,528)	(60,861)	(52,882)
Interest expense	(1,148)	(1,086)	(641)
Mortgage banking income	70,541	60,595	47,883
<b>Income before taxes</b>	846,911	661,697	603,212
Income tax expense	(309,390)	(236,435)	(220,285)
<b>Net income</b>	<u>\$ 537,521</u>	<u>\$ 425,262</u>	<u>\$ 382,927</u>
<b>Basic earnings per share</b>	<u>\$ 144.00</u>	<u>\$ 110.53</u>	<u>\$ 95.21</u>
<b>Diluted earnings per share</b>	<u>\$ 126.77</u>	<u>\$ 103.61</u>	<u>\$ 89.99</u>
<b>Basic weighted average shares outstanding</b>	<u>3,733</u>	<u>3,847</u>	<u>4,022</u>
<b>Diluted weighted average shares outstanding</b>	<u>4,240</u>	<u>4,104</u>	<u>4,255</u>

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2017	2016	2015
<b>Cash flows from operating activities:</b>			
Net income	\$ 537,521	\$ 425,262	\$ 382,927
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	22,667	22,269	21,534
Equity-based compensation expense	44,562	43,598	54,091
Contract land deposit impairments (recoveries), net	1,238	(4,269)	(11,058)
Gain on sale of loans, net	(99,132)	(85,535)	(67,891)
Deferred tax expense (benefit)	61,290	(10,024)	1,902
Mortgage loans closed	(4,077,372)	(3,660,269)	(3,111,413)
Mortgage loans sold and principal payments on mortgage loans held for sale	4,182,220	3,710,250	3,059,889
Distribution of earnings from unconsolidated joint ventures	5,614	9,094	15,511
Net change in assets and liabilities:			
Increase in inventory	(154,099)	(85,194)	(134,803)
Decrease (increase) in contract land deposits	8,177	(32,280)	(37,561)
Increase in receivables	(502)	(9,083)	(1,527)
Increase in accounts payable and accrued expenses	10,789	58,532	55,404
Increase in customer deposits	27,797	11,271	4,210
Other, net	(1,866)	4,504	(4,513)
Net cash provided by operating activities	568,904	398,126	226,702
<b>Cash flows from investing activities:</b>			
Investments in and advances to unconsolidated joint ventures	(3,800)	(653)	(1,917)
Distribution of capital from unconsolidated joint ventures	7,203	12,594	18,489
Purchase of property, plant and equipment	(20,269)	(22,369)	(18,277)
Proceeds from the sale of property, plant and equipment	847	1,000	683
Net cash used in investing activities	(16,019)	(9,428)	(1,022)
<b>Cash flows from financing activities:</b>			
Purchase of treasury stock	(422,166)	(455,351)	(431,367)
Repayments under non-recourse debt related to consolidated variable interest entity	—	—	(64)
Distributions to partner in consolidated variable interest entity	—	(150)	(300)
Proceeds from the exercise of stock options	140,525	38,106	85,948
Net cash used in financing activities	(281,641)	(417,395)	(345,783)
Net increase (decrease) in cash and cash equivalents	271,244	(28,697)	(120,103)
Cash and cash equivalents, beginning of the year	396,619	425,316	545,419
Cash and cash equivalents, end of the year	\$ 667,863	\$ 396,619	\$ 425,316
<b>Supplemental disclosures of cash flow information:</b>			
Interest paid during the year, net of interest capitalized	\$ 23,251	\$ 20,922	\$ 24,546
Income taxes paid during the year, net of refunds	\$ 260,232	\$ 218,984	\$ 194,670

See notes to consolidated financial statements.