

# NVR, Inc. Announces Fourth Quarter and Full Year Results

### 01/25/18

RESTON, Va., Jan. 25, 2018 /PRNewswire/ -- **NVR, Inc. (NYSE: NVR)**, one of the nation's largest homebuilding and mortgage banking companies, announced net income for its fourth quarter ended December 31, 2017 of \$124,619,000, or \$28.88 per diluted share. Net income and diluted earnings per share for the fourth quarter ended December 31, 2017 decreased 17% and 24%, respectively, when compared to 2016 fourth quarter net income of \$150,891,000, or \$37.80 per diluted share. Consolidated revenues for the fourth quarter of 2017 totaled \$1,816,336,000, a 4% increase from \$1,752,766,000 in the fourth quarter of 2016.

For the year ended December 31, 2017, consolidated revenues were \$6,305,840,000, an 8% increase from \$5,822,544,000 reported for 2016. Net income for the year ended December 31, 2017 was \$537,521,000, an increase of 26% when compared to the year ended December 31, 2016. Diluted earnings per share for the year ended December 31, 2017 was \$126.77, an increase of 22% from \$103.61 per diluted share for 2016.

Net income and diluted earnings per share for the fourth quarter and year ended December 31, 2017 were impacted by the following items:

- The enactment of the Tax Cuts and Jobs Act in December 2017, which required a remeasurement of the Company's deferred tax assets, resulted in a charge of \$62,702,000 in the fourth quarter, and
- The Company's January 1, 2017 adoption of Accounting Standard Update 2016-09, which resulted in the Company recognizing an income tax benefit of \$13,960,000 and \$58,681,000 related to excess tax benefits from stock option exercises during the fourth quarter and year ended December 31, 2017, respectively. For the fourth quarter and year ended December 31, 2016, the excess tax benefits of \$2,712,000 and \$13,661,000, respectively, were recorded to additional paid-in capital within shareholders' equity on the consolidated balance sheet.

The following summarizes the impact of these items on income tax expense and diluted earnings per share ("EPS") during the fourth quarter and year ended December 31, 2017:

	Three Month December 3		Twelve Months Ended December 31, 2017			
	Income Tax Expense	EPS Impact		Income Tax Expense	EPS Impact	
GAAP Income Tax Expense	\$ 136,699,000		\$	309,390,000		
Less: Impact of Tax Cuts and Jobs Act	(62,702,000)	\$(14.53)		(62,702,000)	\$(14.79)	
Add: Impact of excess tax benefits recognized	 13,960,000	_ \$3.24	_	58,681,000	\$13.84	
Adjusted Income Tax Expense (non-GAAP measure)	\$ 87,957,000	=	\$	305,369,000	=	

The Company's effective tax rate for the fourth quarter and year ended December 31, 2017 was 52.3% and 36.5%, respectively, compared to 34.0% and 35.7% for the fourth quarter and year ended December 31, 2016, respectively. Excluding the impact of the previously discussed remeasurement of the deferred tax asset and excess tax benefits recognized during the fourth quarter and year ended December 31, 2017, the Company's effective tax rate would have been 33.7% and 36.1%, respectively.

## <u>Homebuilding</u>

New orders in the fourth quarter of 2017 increased 18% to 4,306 units, when compared to 3,645 units in the fourth quarter of 2016. The average sales price of new orders in the fourth quarter of 2017 was \$380,800, a decrease of 4% when compared with the fourth quarter of 2016. The decrease in the average sales price of new orders is primarily attributable to a shift in new orders to lower priced markets and lower priced products. Settlements increased in the fourth quarter of 2017 to 4,630 units, 5% higher than the fourth quarter of 2016. The Company's backlog of homes sold but not settled as of December 31, 2017 increased on a unit basis by 24% to 8,531 units and increased on a dollar basis by 21% to \$3,277,888,000 when compared to December 31, 2016.

Homebuilding revenues in the fourth quarter of 2017 totaled \$1,781,494,000, 4% higher than the year earlier period. Gross profit margin in the fourth quarter of 2017 increased to 19.3%, compared to 17.8% in the fourth quarter of 2016. Gross profit margin was favorably impacted by modest improvements in pricing combined with moderating construction costs. Income before tax from the homebuilding segment totaled \$241,800,000 in the fourth quarter of 2017, an increase of 16% when compared to the fourth quarter of 2016.

New orders for the year ended December 31, 2017 increased 13% to 17,608 units, when compared to 15,583 units in 2016. Settlements increased 7% year over year to 15,961 units in 2017 from 14,928 units in 2016. Homebuilding revenues for the year ended December 31, 2017 totaled \$6,175,521,000, which is 8% higher than 2016. Gross profit margin for the year ended December 31, 2017 was 19.2%, compared to 17.5% in 2016. Income before tax for the homebuilding segment for the year ended December 31, 2017 was \$776,370,000, a 29% increase when compared to 2016.

### Mortgage Banking

Mortgage closed loan production in the fourth quarter of 2017 totaled \$1,229,695,000, an increase of 2% when compared to the fourth quarter of 2016. Income before tax from the mortgage banking segment totaled \$19,518,000 in the fourth quarter of 2017, a decrease of 4% when compared to \$20,399,000 in the fourth quarter of 2016. The decrease is due to higher general and administrative costs in the fourth quarter of 2017.

Mortgage closed loan production for the year ended December 31, 2017 increased 7% to \$4,229,507,000. Income before tax from the mortgage banking segment for the year ended December 31, 2017 increased 16% to \$70,541,000 from \$60,595,000 in 2016.

### Financial Disclosure Advisory

The Company reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). This press release references a non-GAAP financial measure, Adjusted Income Tax Expense, which reflects the Company's income tax expense excluding the impact of the charge associated with the enactment of the Tax Cut and Jobs Act and the impact of the income tax benefit recognized from excess tax benefits from stock option exercises. These adjustments result in an Adjusted Income Tax Expense for the current quarter and year that, in the Company's view, facilitate a more consistent comparison to GAAP income tax expense in the prior year.

The Company believes that the non-GAAP financial measure included in this press release allows investors to understand and compare results in a more consistent manner for the fourth quarters and years ended December 31, 2017 and 2016. This non-GAAP financial measure should be considered supplemental and not a substitute for the Company's results reported in accordance with GAAP for the periods presented.

### About NVR

NVR, Inc. operates in two business segments: homebuilding and mortgage banking. The homebuilding segment sells and builds homes under the Ryan Homes, NVHomes and Heartland Homes trade names, and operates in twenty-nine metropolitan areas in fourteen states and Washington, D.C. For more information about NVR, Inc. and its brands, see <a href="https://www.nvrinc.com">www.nvrinc.com</a>, <a href="https://www.nvhomes.com">www.nvhomes.com</a> and <a href="https://www.nvhomes.com">www.nvhomes.com</a>, <a hr

Some of the statements in this release made by the Company constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as "believes," "expects," "may," "will," "should" or "anticipates" or the negative thereof or other comparable terminology. All statements other than of historical facts are forward-looking statements. Forward-looking statements contained in this document may include those regarding market trends, NVR's financial position, business strategy, the outcome of pending litigation, investigations or similar contingencies, projected plans and objectives of management for future operations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance of NVR to be materially different from future results, performance or achievements expressed or implied by the forward-looking statements. Such risk factors include, but are not limited to the following: general economic and business conditions (on both a national and regional level); interest rate changes; access to suitable financing by NVR and NVR's customers; increased regulation in the mortgage banking industry; the ability of our mortgage banking subsidiary to sell loans it originates into the secondary market; competition; the availability and cost of land and other raw materials used by NVR in its homebuilding operations; shortages of labor; weather related slow-downs; building moratoriums; governmental regulation; fluctuation and volatility of stock and other financial markets; mortgage financing availability; and other factors over which NVR has little or no control. NVR undertakes no obligation to update such forward-looking statements except as required

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

	Three Months E	nded December 31,	nded December 31,	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	
Homebuilding:				
Revenues	\$ 1,781,494	\$ 1,718,527	\$ 6,175,521	\$ 5,709,223
Other income	2,272	597	6,536	2,820
Cost of sales	(1,438,307)	(1,413,440)	(4,990,378)	(4,707,861)
Selling, general and administrative	(97,662)	(91,534)	(392,272)	(382,459)
Operating income	247,797	214,150	799,407	621,723
Interest expense	(5,997)	(5,887)	(23,037)	(20,621)
Homebuilding income	241,800	208,263	776,370	601,102
Mortgage Banking:				
Mortgage banking fees	34,842	34,239	130,319	113,321
Interest income	2,682	2,458	7,850	7,569
Other income	650	512	2,048	1,652
General and administrative	(18,338)	(16,516)	(68,528)	(60,861)
Interest expense	(318)	(294)	(1,148)	(1,086)
Mortgage banking income	19,518	20,399	70,541	60,595
Income before taxes	261,318	228,662	846,911	661,697
Income tax expense	(136,699)	(77,771)	(309,390)	(236,435)

Net income	\$ 124,619	\$	150,891	\$ 537,521	\$ 425,262	=
Basic earnings per share	\$ 33.39	\$	40.25	\$ 144.00	\$ 110.53	=
Diluted earnings per share	\$ 28.88	\$	37.80	\$ 126.77	\$ 103.61	=
Basic weighted average shares outstanding	 3,732	: ===	3,749	 3,733	 3,847	_
Diluted weighted average shares outstanding	4,315		3,992	4,240	4,104	

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

ASSETS		Dec	ember 31, 2017	December 31, 2016		
Bash and cash equivalents         \$ 645,087         \$ 375,748           Restricted cash         20,026         18,937           Receivables         20,026         18,937           Inventory:         20,026         18,937           Loss and housing units.         1,046,094         883,868           Unsold lots and housing units         148,620         145,085           Land under development.         34,212         46,999           Building materials and other         17,247,19         1,081,081           Building materials and other         370,429         379,844           Property, plant and equipment, net         43,191         45,915           Reorganization value in excess of amounts allocable to identifiable assets, net         41,950         41,580           Other assets         36,977         19,067           Cother assets         21,707         19,657           Restricted cash         22,754         18,57           Mortgage Banking:         21,707         19,657           Cash and cash equivalents         332,499         351,958           Restricted cash         22,554         1,857           Mortgage Ioans held for sale, net         2,256         1,857           Other assets         2,2487 <td></td> <td></td> <td></td> <td></td> <td></td>						
Restricted cash         19,438         17,581           Rocaivables         20,026         18,937           Inventory:         20,026         18,937           Lots and housing units, covered under sales agreements with customers         1,046,094         883,888           Unsold lots and housing units         44,699         145,099           Building materials and other         34,212         46,999           Building materials and other         1,246,199         1,092,100           Contract land deposits, net         370,429         379,844           Property, plant and equipment, net         41,580         41,590           Reorganization value in excess of amounts allocable to identifiable assets, net         111,953         170,652           Other assets         2,584,800         2,233,46         19,009           Building and sale equivalents         2,256         1,857         19,009           Cash and cash equivalents         2,256         1,857         1,857           Restricted cash         2,256         1,857         1,857           Restricted cash lequipment, net         2,256         1,857         1,935           Restricted cash         2,256         1,857         1,935           Restricted cash         2,258,803	<u> </u>	_				
Receivables Inventory:         20,026         18,937           Inventory:         1,046,094         883,888           Unsold lots and housing units.         148,620         145,065           Unsold lots and housing units         34,212         46,999           Building materials and other         12,243         16,198           Building materials and other         370,429         379,844           Property, plant and equipment, net         43,191         45,915           Reorganization value in excess of amounts allocable to identifiable assets, net         111,553         170,652           Other assets         25,84,880         2,233,346           Other assets         21,707         19,657           Restricted cash         2,256         1,857           Mortgage Banking:         21,707         19,657           Restricted cash equivalents         2,256         1,857           Restricted cash         2,256         1,857           Mortgage Dans held for sale, net         32,249         35,1958           Property and equipment, net         32,249         32,487           Restricted cash         14,273         4,903           Property and equipment, net         32,814         31,595           Ecorphylamic and equipme		\$	•	\$	·	
Nontrage   Nontrage			·		·	
1,046.09   838.88   1,046.09   145.05			20,026		18,937	
May 1	•					
Building materials and other         34,212         64,999           Building materials and other         1,246,199         1,082,100           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         111,953         170,652           Other assets         86,97         9,000           Other assets         2,584,880         2,233,46           Mortgage Banking:         22,504,880         2,233,46           Cash and cash equivalents         21,707         19,657           Restricted cash         352,489         361,958           Mortgage Banking:         22,556         1,857           Restricted cash         2,256         1,857           Mortgage loans held for sale, net         352,489         361,958           Property and equipment, net         352,489         361,958           Property and equipment, net         32,892,79         2,643,933           Total assets         261,973         2,541,933           Total assets         261,973         2,521,212           Accounts payable         341,891         337,204           Accrued expenses an	· · · · · · · · · · · · · · · · · · ·				·	
Publishing materials and other   1,246,199   1,092,100   1,092,1	· · · · · · · · · · · · · · · · · · ·		·		•	
1,246,199   1,092,100   1,09			·		·	
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   41,180   41,580     Deferred tax assets, net   111,953   70,652     Other assets   88,977   91,009     B8,977   91,009     Cash and cash equivalents   22,568,4880   22,33,346     Mortgage Banking:   22,568,4880   22,33,346     Restricted cash   21,707   19,657     Restricted cash   22,56   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   7,347   24,875     Total assets   2,989,279   2,643,943     Total assets   2,989,279   2,643,943     Total assets   2,989,279   2,643,943     LIABILITIES AND SHAREHOLDERS' EQUITY     Homebuilding:   2,989,279   2,643,943     LACcounts payable   2,261,973   2,256     Accounts payable   3,289,279   2,643,943     Accounts payable and other liabilities   3,31,900     Accounts payable and other liabilities   3,289,244   32,399     Accounts payable and other liabilities   3,2824   32,399     Accounts payable and other liabilities   3,2824	Building materials and other		· · · · · · · · · · · · · · · · · · ·			
Property, plant and equipment, net         43,191         45,195           Reorganization value in excess of amounts allocable to identifiable assets, net         11,580         31,580           Other assets         88,977         91,009           Nortage Banking:         2,584,880         2,233,46           Restricted cash         2,256         1,857           Mortage Banking:         21,707         19,657           Restricted cash         2,256         1,857           Mortagae loans held for sale, net         6,327         4,903           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         404,399         410,597           Total assets         2,989,279         2,643,943           Total assets         2,989,279         2,643,943           LABILITIES AND SHAREHOLDERS' EQUITY         8         2,989,279         2,543,943           LACcounts payable         \$261,973         \$251,212         2,624,943           Accounts payable and other liabilities         341,891         337,200           Customer deposits         31,307,103         12,2236           Senior notes         597,066			1,246,199		1,092,100	
Boergranization 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           Mortgage Banking:         2,584,880         2,233,46           Cash and cash equivalents         21,707         19,657           Restricted cash         352,498         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           Total assets         14,273         24,875           Total assets         256,43,943         30,962           LIABILITIES AND SHAREHOLDERS' EQUITY         ***         ***           Homebuilding:         ***         ***           Accounts payable         \$261,973         \$251,212           Accounts payable         \$261,973         \$251,212           Customer deposits         \$150,933         \$122,236           Senior notes         \$28,249         \$2,989           Accounts payable and other liabilities         \$32,824         \$2,399           Total liabilities </td <td>Contract land deposits, net</td> <td></td> <td>370,429</td> <td></td> <td>379,844</td>	Contract land deposits, net		370,429		379,844	
Pate	Property, plant and equipment, net		43,191		45,915	
Other assets         86.977         91.009           Mortgage Banking:         2,584.880         2,233,346           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         14,273         24,875           Other assets         14,273         24,875           Total assets         14,273         24,875           Total assets         2,989,279         \$,263,934           LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuilding:           Accrued expenses and other liabilities         341,891         337,200           Customer deposits         150,033         122,236           Senior notes         597,066         596,455           Senior notes         32,824         32,399           Total liabilities         32,824         32,399           Total liabilities         32,824         32,399           Total liabilities         206         206           Common stock, \$0.01 par value; 60,000,000 share	Reorganization value in excess of amounts allocable to identifiable assets, net		41,580		41,580	
Mortgage Banking:         2,233,346           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         6,227         4,903           Reorganization value in excess of amounts allocable to identifiable assets, net         7,347         7,347           Other assets         14,273         24,875           Total assets         404,939         410,597           Total assets         \$2,989,279         \$2,643,943           LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuilding:           Accounts payable         \$261,973         \$251,212           Accounts payable         \$261,973         \$251,212           Accounts payable         341,891         337,200           Senior notes         \$59,068         596,455           Senior notes         \$32,824         32,399           Accounts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Commitments and contingencies           Shareholders' equity:	Deferred tax assets, net		111,953		170,652	
Mortgage Banking:         21,707         19,657           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           Total assets         404,399         410,597           Total assets         5,2989,279         2,643,943           LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuilding:           Accounts payable         \$261,973         \$251,212           Accounts payable         \$261,973         \$251,212           Accounts payable         \$150,033         122,236           Senior notes         597,066         596,455           Senior notes         32,824         32,399           Accounts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Commitments and contingencies           Shareholders' equity: <td>Other assets</td> <td></td> <td>86,977</td> <td></td> <td>91,009</td>	Other assets		86,977		91,009	
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           Total assets         404,399         410,597           Total assets         261,973         2,643,943           LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuiliding:           Accounts payable         261,973         251,212           Accounts payable and other liabilities         341,891         337,200           Customer deposits         597,066         596,455           Senior notes         597,066         596,455           Accounts payable and other liabilities         32,824         32,399           Accounts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Total liabilities         206         206           Commitments and contingencies </td <td></td> <td></td> <td>2,584,880</td> <td></td> <td>2,233,346</td>			2,584,880		2,233,346	
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           Total assets         404,399         410,597           Total assets         261,973         2,643,943           LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuiliding:           Accounts payable         261,973         251,212           Accounts payable and other liabilities         341,891         337,200           Customer deposits         597,066         596,455           Senior notes         597,066         596,455           Accounts payable and other liabilities         32,824         32,399           Accounts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Total liabilities         206         206           Commitments and contingencies </td <td>Mortgage Banking:</td> <td></td> <td></td> <td></td> <td></td>	Mortgage Banking:					
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           Total assets         404,399         410,597           Total assets         2,989,279         \$2,643,943           LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuilding:           Accounts payable         \$261,973         \$251,212           Accounts payable         341,891         337,200           Customer deposits         597,066         596,455           Senior notes         597,066         596,455           Senior notes         32,824         32,399           Counts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Commitments and contingencies           Shareholders' equity:           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			21,707		19,657	
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         404,399         410,597           Total assets         \$2,989,279         \$2,643,943           LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuilding:           Accounts payable         \$261,973         \$251,212           Accounts payable and other liabilities         341,891         337,200           Customer deposits         150,033         122,236           Senior notes         597,066         596,455           Senior spayable and other liabilities         32,824         32,399           Accounts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Total liabilities         206         206           Commitments and contingencies           Shareholders' equity:           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	Restricted cash		2,256		1,857	
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         404,399         410,597           Total assets         \$2,989,279         \$2,643,943           LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuilding:           Accounts payable         \$261,973         \$251,212           Accounts payable and other liabilities         341,891         337,200           Customer deposits         150,033         122,236           Senior notes         597,066         596,455           Senior spayable and other liabilities         32,824         32,399           Accounts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Total liabilities         206         206           Commitments and contingencies           Shareholders' equity:           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	Mortgage loans held for sale, net		352,489		351,958	
Reorganization value in excess of amounts allocable to identifiable assets, net         7,347         7,347           Other assets         14,273         24,875           Total assets         2,989,279         \$2,643,943           LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuilding:           Accounts payable         \$261,973         \$251,212           Accounts payable         \$341,891         337,200           Customer deposits         150,033         122,236           Senior notes         597,066         596,455           Senior notes         32,824         32,399           Accounts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Total liabilities         1,383,787         1,339,502           Commitments and contingencies           Shareholders' equity:           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)			6,327		4,903	
Total assets         404,399         410,597           LIABILITIES AND SHAREHOLDERS' EQUITY         \$ 2,989,279         \$ 2,643,943           Homebuilding:         \$ 261,973         \$ 251,212           Accounts payable         \$ 261,973         \$ 251,212           Accound expenses and other liabilities         341,891         337,200           Customer deposits         150,033         122,236           Senior notes         597,066         596,455           Senior payable and other liabilities         32,824         32,399           Accounts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Total liabilities         1,383,787         1,339,502           Commitments and contingencies           Shareholders' equity:           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         206         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)			7,347			
Total assets         \$ 2,989,279         \$ 2,643,943           LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuilding:           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           Accounts payable and other liabilities         32,824         32,399           Accounts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Total liabilities         1,383,787         1,339,502           Commitments and contingencies           Shareholders' equity:           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         (17,385)         (17,375)           Deferred compensation liability         17,375         17,375         17,375         17,375<	Other assets		14,273		24,875	
LIABILITIES AND SHAREHOLDERS' EQUITY           Homebuilding:           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           Senior syable and other liabilities         1,350,963         1,307,103           Mortgage Banking:           Accounts payable and other liabilities         32,824         32,399           Total liabilities         32,824         32,399           Total liabilities         1,383,787         1,339,502           Commitments and contingencies           Shareholders' equity:           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         206         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         17,375         1,7			404,399		410,597	
Homebuilding:           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           Mortgage Banking:         1,350,963         1,307,103           Accounts payable and other liabilities         32,824         32,399           Total liabilities         1,383,787         1,339,502           Commitments and contingencies           Shareholders' equity:           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         17,335         17,375	Total assets	\$	2,989,279	\$	2,643,943	
Homebuilding:           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           Mortgage Banking:         1,350,963         1,307,103           Accounts payable and other liabilities         32,824         32,399           Total liabilities         1,383,787         1,339,502           Commitments and contingencies           Shareholders' equity:           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         17,335         17,375						
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           Mortgage Banking:         1,350,963         1,307,103           Accounts payable and other liabilities         32,824         32,399           Total liabilities         1,383,787         1,339,502           Commitments and contingencies           Shareholders' equity:           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						
Accrued expenses and other liabilities       341,891       337,200         Customer deposits       150,033       122,236         Senior notes       597,066       596,455         Mortgage Banking:         Accounts payable and other liabilities       32,824       32,399         Total liabilities       32,824       32,399         Total liabilities         Commitments and contingencies         Shareholders' equity:         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						
Customer deposits         150,033         122,236           Senior notes         597,066         596,455           Mortgage Banking:         1,350,963         1,307,103           Accounts payable and other liabilities         32,824         32,399           Total liabilities         1,383,787         1,339,502           Commitments and contingencies         Shareholders' equity:           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		\$	·	\$	·	
Senior notes         597,066         596,455           Mortgage Banking:         1,350,963         1,307,103           Accounts payable and other liabilities         32,824         32,399           Total liabilities         1,383,787         1,339,502           Commitments and contingencies           Shareholders' equity:           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			•		•	
Mortgage Banking:         Accounts payable and other liabilities       32,824       32,399         Total liabilities       1,383,787       1,339,502         Commitments and contingencies         Shareholders' equity:         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			·		•	
Mortgage Banking:         Accounts payable and other liabilities       32,824       32,399         32,824       32,399         Total liabilities       1,383,787       1,339,502         Commitments and contingencies         Shareholders' equity:         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	Senior notes		· · · · · · · · · · · · · · · · · · ·			
Accounts payable and other liabilities       32,824       32,399         32,824       32,399         Total liabilities       1,383,787       1,339,502             Commitments and contingencies         Shareholders' equity:       Total liability       206         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			1,350,963		1,307,103	
Total liabilities         32,824         32,399           Commitments and contingencies         1,383,787         1,339,502           Shareholders' equity:           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						
Total liabilities         1,383,787         1,339,502           Commitments and contingencies         Shareholders' equity:           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	Accounts payable and other liabilities					
Commitments and contingencies  Shareholders' equity:  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  Additional paid-in capital  Deferred compensation trust – 108,640 shares of NVR, Inc. common stock as of both December 31, 2017 and December 31, 2016  Deferred compensation liability  (17,383)  (17,375)  Deferred compensation liability						
Shareholders' equity:         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	Total liabilities		1,383,787		1,339,502	
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	Commitments and contingencies					
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	Shareholders' equity:					
both December 31, 2017 and December 31, 2016  Additional paid-in capital  Deferred compensation trust – 108,640 shares of NVR, Inc. common stock as of both December 31, 2017 and December 31, 2016  Deferred compensation liability  17,383  17,375	· ·					
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			206		206	
Deferred compensation trust – 108,640 shares of NVR, Inc. common stock as of both  December 31, 2017 and December 31, 2016  Deferred compensation liability  17,383  17,375						
December 31, 2017 and December 31, 2016       (17,383)       (17,375)         Deferred compensation liability       17,383       17,375	· · · · · ·					
Deferred compensation liability 17,383 17,375	·		(17,383)		(17,375)	
					, , ,	
7,000,000	Retained earnings		6,231,940		5,695,376	

Total shareholders' equity

Total liabilities and shareholders' equity

 (6,270,851)	_	 (5,906,969)
1,605,492		1,304,441
\$ 2,989,279		\$ 2,643,943

# NVR, Inc. Operating Activity (dollars in thousands) (Unaudited)

	Thr		nded De	ecember 31,	Twe		Ended D	December 31,		
		2017		2016		2017		2016		
Homebuilding data:										
New orders (units)										
Mid Atlantic (1)		2,153		1,828		8,654		7,916		
North East (2)		296		354		1,362		1,314		
Mid East (3)		953		830		4,171		3,659		
South East (4)		904		633	_	3,421		2,694		
Total		4,306		3,645		17,608		15,583		
Average new order price	\$	380.8	\$	395.2	\$	383.2	\$	386.4		
Settlements (units)										
Mid Atlantic (1)		2,289		2,311		7,971		7,512		
North East (2)		358		350		1,288		1,246		
Mid East (3)		1,079		950		3,772		3,658		
South East (4)		904		808		2,930		2,512		
Total		4,630		4,419		15,961		14,928		
Average settlement price	\$	384.7	\$	388.8	\$	386.9	\$	381.2		
Backlog (units)										
Mid Atlantic (1)						4,224		3,541		
North East (2)						682		608		
Mid East (3)						1,898		1,499		
South East (4)						1,727		1,236		

Total					 8,531		 6,884	
Average backlog price					\$ 384.2		\$ 392.8	
New order cancellation rate	14	%	17	%	14	%	15	%
Community count (average)	484		495		485		485	
Lots controlled at end of period					88,700		78,000	
Mortgage banking data:								
Loan closings	\$ 1,229,695		\$ 1,201,164		\$ 4,229,507		\$ 3,952,575	
Capture rate	88	%	89	%	88	%	88	%
Common stock information:								
Shares outstanding at end of period					3,691,006		3,693,003	
Number of shares repurchased	56,128		101,982		166,520		280,288	
Aggregate cost of shares repurchased	\$ 191,967		\$ 163,608		\$ 422,166		\$ 455,351	

<sup>(1)</sup> Maryland, Virginia, West Virginia, Delaware and Washington, D.C.

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New Jersey and Eastern Pennsylvania
 New York, Ohio, Western Pennsylvania, Indiana and Illinois
 North Carolina, South Carolina, Tennessee and Florida

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