# FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2017-05-04** | Period of Report: **2017-03-31**
**SEC Accession No.** 0001193125-17-158759

(HTML Version on secdatabase.com)

## FILER

**PACCAR FINANCIAL CORP**

CIK:**731288**| IRS No.: **916029712** | State of Incorp.:**WA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-11677** | Film No.: **17814330**
SIC: **6153** Short-term business credit institutions

Mailing Address
*PO BOX 1518*
*777 106TH AVE NE*
*BELLEVUE WA 98004*

Business Address
*777 106TH AVE N E*
*PO BOX 1518*
*BELLEVUE WA 98004*
*4254687100*

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

# FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the quarterly period ended March 31, 2017**

**Commission File No. 001-11677**

# PACCAR FINANCIAL CORP.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Washington** (State of incorporation) | **91-6029712** (I.R.S. Employer Identification No.) |
| **777 - 106th Ave. N.E., Bellevue, Washington** (Address of principal executive offices) | **98004** (Zip code) |

**(425) 468-7100**

**(Registrant' s telephone number, including area code)**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

| | | | |
|---|---|---|---|
| Large accelerated filer: | ☐ | Accelerated filer: | ☐ |
| Non-accelerated filer: | ☒ | Smaller reporting company: | ☐ |
| Emerging growth company: | ☐ | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer' s classes of common stock, as of the latest practicable date:

Common Stock, $100 par value – 145,000 shares as of April 28, 2017

THE REGISTRANT IS A WHOLLY OWNED SUBSIDIARY OF PACCAR INC AND MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTIONS (H)(1)(a) and (b) OF FORM 10-Q AND IS, THEREFORE, FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.

**PACCAR FINANCIAL CORP. – FORM 10-Q**

**INDEX**

PACCAR FINANCIAL CORP. – FORM 10-Q

PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

### STATEMENTS OF COMPREHENSIVE INCOME AND RETAINED EARNINGS (Unaudited)

(Millions of Dollars)

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Interest and fee income | **$57.7** | $59.2 |
| Operating lease and rental revenues | **92.7** | 84.8 |
| Used truck sales and other revenues | **15.7** | 6.7 |
| **TOTAL INTEREST AND OTHER REVENUES** | **166.1** | 150.7 |
| Interest and other borrowing costs | **23.4** | 19.3 |
| Depreciation and other rental expenses | **91.7** | 72.3 |
| Cost of used truck sales and other expenses | **15.0** | 6.5 |
| Selling, general and administrative expenses | **13.0** | 12.4 |
| Provision for losses on receivables | **3.0** | 1.9 |
| **TOTAL EXPENSES** | **146.1** | 112.4 |
| **INCOME BEFORE INCOME TAXES** | **20.0** | 38.3 |
| Income taxes | **7.5** | 14.0 |
| **NET INCOME** | **$12.5** | $24.3 |
| **COMPREHENSIVE INCOME** | **$13.1** | $21.6 |
| **RETAINED EARNINGS AT BEGINNING OF PERIOD** | **$1,004.9** | $1,016.0 |
| **RETAINED EARNINGS AT END OF PERIOD** | **$1,017.4** | $1,040.3 |

Earnings per share and dividends per share are not reported because the Company is a wholly owned subsidiary of PACCAR Inc.

See Notes to Financial Statements.

**BALANCE SHEETS**
(Millions of Dollars)

| | March 31 2017 (Unaudited) | December 31 2016* |
|---|---|---|
| **ASSETS** | | |
| Cash | **$30.7** | $46.6 |
| Finance and other receivables, net of allowance for credit losses (2017 - $58.3 and 2016 - $59.4) | **5,136.3** | 5,234.9 |
| Due from PACCAR and affiliates | **1,123.8** | 1,265.5 |
| Equipment on operating leases, net of accumulated depreciation (2017 - $582.4 and 2016 - $548.2) | **1,511.0** | 1,522.9 |
| Other assets | **250.9** | 260.6 |
| **TOTAL ASSETS** | **$8,052.7** | $8,330.5 |
| **LIABILITIES** | | |
| Accounts payable, accrued expenses and other | **$231.7** | $252.3 |
| Due to PACCAR and affiliates | **25.5** | 16.2 |
| Commercial paper | **1,170.6** | 1,343.5 |
| Medium-term notes | **4,631.8** | 4,733.5 |
| Deferred taxes and other liabilities | **803.8** | 812.0 |
| **TOTAL LIABILITIES** | **6,863.4** | 7,157.5 |
| **STOCKHOLDER' S EQUITY** | | |
| Preferred stock, par value $100 per share, 6% noncumulative and nonvoting, 450,000 shares authorized, 310,000 shares issued and outstanding | **31.0** | 31.0 |
| Common stock, par value $100 per share, 200,000 shares authorized, 145,000 shares issued and outstanding | **14.5** | 14.5 |
| Additional paid-in capital | **125.5** | 122.3 |
| Retained earnings | **1,017.4** | 1,004.9 |
| Accumulated other comprehensive income | **.9** | .3 |
| **TOTAL STOCKHOLDER' S EQUITY** | **1,189.3** | 1,173.0 |
| **TOTAL LIABILITIES AND STOCKHOLDER' S EQUITY** | **$8,052.7** | $8,330.5 |

* The December 31, 2016 balance sheet has been derived from audited financial statements.

See Notes to Financial Statements.

**STATEMENTS OF CASH FLOWS (Unaudited)**
(Millions of Dollars)

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| **OPERATING ACTIVITIES** | | |
| Net income | **$12.5** | $24.3 |
| Items included in net income not affecting cash: | | |
| Depreciation and amortization | **87.2** | 68.8 |
| Provision for losses on receivables | **3.0** | 1.9 |
| Deferred taxes | **(7.5 )** | (8.8 ) |
| Administrative fees for services from PACCAR | **3.2** | 3.0 |
| Change in tax-related balances with PACCAR | **21.5** | 22.8 |
| Increase (decrease) in payables and other | **15.5** | (46.9 ) |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | **135.4** | 65.1 |
| **INVESTING ACTIVITIES** | | |
| Finance and other receivables originated | **(281.7)** | (337.9) |
| Collections on finance and other receivables | **390.0** | 379.2 |
| Net (increase) decrease in wholesale receivables | **(19.9 )** | 71.8 |
| Loans to PACCAR and affiliates | **(25.0 )** | (122.0) |
| Collections on loans from PACCAR and affiliates | **101.0** | 120.0 |
| Net decrease in other receivables and leases to PACCAR and affiliates | **20.7** | 30.3 |
| Acquisition of equipment for operating leases, primarily from PACCAR | **(94.3 )** | (120.8) |
| Proceeds from disposal of equipment | **49.8** | 25.9 |
| Other | **(17.9 )** | (3.1 ) |
| **NET CASH PROVIDED BY INVESTING ACTIVITIES** | **122.7** | 43.4 |
| **FINANCING ACTIVITIES** | | |
| Net decrease in short-term commercial paper | **(172.9)** | (115.3) |
| Proceeds from medium-term notes and other commercial paper | **398.9** | 498.0 |
| Payments of medium-term notes and other commercial paper | **(500.0)** | (500.0) |
| **NET CASH USED IN FINANCING ACTIVITIES** | **(274.0)** | (117.3) |
| **NET DECREASE IN CASH** | **(15.9 )** | (8.8 ) |
| **CASH AT BEGINNING OF PERIOD** | **46.6** | 35.3 |
| **CASH AT END OF PERIOD** | **$30.7** | $26.5 |

See Notes to Financial Statements.

| Notes to Financial Statements (Unaudited) | (Millions of Dollars) |
|---|---|

**NOTE A - Basis of Presentation**

PACCAR Financial Corp. (the "Company") is a wholly owned subsidiary of PACCAR Inc ("PACCAR"). The Company primarily provides financing of PACCAR manufactured trucks and related equipment sold by authorized dealers. The Company also finances dealer inventories of transportation equipment and franchises Kenworth and Peterbilt dealerships to engage in full-service and finance leasing. The operations of the Company are fundamentally affected by its relationship with PACCAR.

The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. For further information, refer to the financial statements and footnotes included in the Company' s Annual Report on Form 10-K for the year ended December 31, 2016.

**New Accounting Pronouncements:**

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendment in this ASU addresses diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The ASU is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. Early adoption is permitted. This standard should be applied using a retrospective transition method to each period presented. If it is impracticable to apply the standard retrospectively, the standard would be applied prospectively as of the earliest date practicable. The Company is currently evaluating the impact on its financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendment in this ASU requires entities having financial assets measured at amortized cost to estimate credit reserves under an expected credit loss model rather than the current incurred loss model. Under this new model, expected credit losses will be based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect collectability. The ASU is effective for annual periods beginning after December 15, 2019 and interim periods within those annual periods. Early adoption is permitted, but not earlier than annual and interim periods beginning after December 15, 2018. This amendment should be applied on a modified retrospective basis with a cumulative effect adjustment to retained earnings as of the beginning of the period of adoption. The Company is currently evaluating the impact on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which amends the existing accounting standards for leases. Under the new lease standard, lessees will recognize a right-of-use asset and a lease liability for virtually all leases (other than short-term leases). Lessor accounting is largely unchanged. The ASU is effective for annual periods beginning after December 15, 2018 and interim periods within those annual periods. Early adoption is permitted. This ASU requires leases to be recognized and measured at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently evaluating the impact on its financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments–Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The amendment in this ASU addresses the recognition, measurement, presentation and disclosure of financial instruments. The ASU is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods.

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

This amendment is applied with a cumulative effect adjustment as of the beginning of the period of adoption. The Company is currently evaluating the impact on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This ASU amends the existing accounting standards for revenue recognition. Under the new revenue recognition model, a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The FASB has subsequently issued several related ASUs to clarify the implementation guidance in ASU 2014-09. This standard may be applied retrospectively to each prior period presented or modified retrospectively with a cumulative effect recognized as of the date of initial application. The Company expects to adopt this ASU in January 2018 on a modified retrospective basis, with the cumulative effect adjustment recognized into retained earnings as of January 1, 2018. The impact of adopting this ASU is not expected to have a significant impact on the Company's financial statements as leases and financial instruments, which comprise a majority of the Company's revenue, are excluded from the scope of this guidance. The Company will continue to evaluate the new standard, including any new interpretive guidance, and any related impact to its financial statements.

The Company adopted the following standard effective January 1, 2017, which did not have a material impact on the Company's financial statements.

| STANDARD | DESCRIPTION |
|---|---|
| 2015-11 | *Inventory (Topic 330): Simplifying the Measurement of Inventory.* |

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

**NOTE B - Finance and Other Receivables**

The Company's finance and other receivables include the following:

| | March 31 2017 | December 31 2016 |
|---|---|---|
| Retail loans | **$2,878.4** | $2,948.6 |
| Retail direct financing leases | **1,582.9** | 1,644.7 |
| Dealer wholesale financing | **780.2** | 760.3 |
| Dealer master notes | **24.3** | 23.8 |
| Operating lease receivables and other | **69.3** | 65.9 |
| Unearned interest on finance leases | **(140.5)** | (149.0) |
| | **5,194.6** | 5,294.3 |
| Less allowance for credit losses: | | |
| Loans and leases | **(55.2)** | (56.3) |
| Dealer wholesale financing | **(2.0)** | (2.0) |
| Operating lease receivables and other | **(1.1)** | (1.1) |
| | **$5,136.3** | $5,234.9 |

Recognition of interest income and rental revenue is suspended (put on non-accrual status) when the receivable becomes more than 90 days past the contractual due date or earlier if some other event causes the Company to determine that collection is not probable. Accordingly, no finance receivables more than 90 days past due were accruing interest at March 31, 2017 or December 31, 2016. Recognition is resumed if the receivable becomes current by the payment of all amounts due under the terms of the existing contract and collection of remaining amounts is considered probable (if not contractually modified) or if the customer makes scheduled payments for three months and collection of remaining amounts is considered probable (if contractually modified). Payments received while the finance receivable is on non-accrual status are applied to interest and principal in accordance with the contractual terms.

**Allowance for Credit Losses**

The Company continuously monitors the payment performance of its finance receivables. For large retail finance customers and dealers with wholesale financing, the Company regularly reviews their financial statements and makes site visits and phone contact as appropriate. If the Company becomes aware of circumstances that could cause those customers or dealers to face financial difficulty, whether or not they are past due, the customers are placed on a watch list.

The Company modifies loans and finance leases in the normal course of its operations. The Company may modify loans and finance leases for commercial reasons or for credit reasons. Modifications for commercial reasons are changes to contract terms for customers that are not considered to be in financial difficulty. Insignificant delays are modifications extending terms up to three months for customers experiencing some short-term financial stress but not considered to be in financial difficulty. Modifications for credit reasons are changes to contract terms for customers considered to be in financial difficulty. The Company's modifications typically result in granting more time to pay the contractual amounts owed and charging a fee and interest for the term of the modification.

When considering whether to modify customer accounts for credit reasons, the Company evaluates the creditworthiness of the customers and modifies those accounts that the Company considers likely to perform under the modified terms. When the Company modifies loans and finance leases for credit reasons and grants a concession, the modifications are classified as troubled debt restructurings (TDR). The Company does not typically grant credit modifications for customers that do not meet minimum underwriting standards since the Company normally repossesses the financed equipment in these circumstances. When such modifications do occur, they are considered TDRs.

On average, modifications extended contractual terms by approximately two months in 2017 and three months in 2016, and did not have a significant effect on the weighted average term or interest rate of the total portfolio at March 31, 2017 or December 31, 2016.

The Company has developed a systematic methodology for determining the allowance for credit losses for its two portfolio segments, retail and wholesale. The retail segment consists of retail loans and direct finance leases, net of unearned interest. The wholesale segment consists of truck inventory financing loans to dealers that are collateralized by trucks and other collateral. The wholesale segment generally has less risk than the retail segment. Wholesale receivables generally are shorter in duration than retail receivables, and the Company requires periodic reporting of the wholesale dealer' s financial condition, conducts periodic audits of the trucks being financed and, in many cases, obtains guarantees or other security such as dealership assets. In determining the allowance for credit losses, retail loans and finance leases are evaluated together since they relate to a similar customer base, their contractual terms require regular payment of principal and interest, generally over 36 to 60 months, and they are secured by the same type of collateral. The allowance for credit losses consists of both specific and general reserves.

The Company individually evaluates certain finance receivables for impairment. Finance receivables that are evaluated individually for impairment consist of all wholesale accounts and certain large retail accounts with past due balances or otherwise determined to be at a higher risk of loss. A finance receivable is impaired if it is considered probable the Company will be unable to collect all contractual interest and principal payments as scheduled. In addition, all retail loans and leases which have been classified as TDRs and all customer accounts over 90 days past due are considered impaired. Generally, impaired accounts are on non-accrual status. Impaired accounts classified as TDRs which have been performing for 90 consecutive days are placed on accrual status if it is deemed probable that the Company will collect all principal and interest payments.

Impaired receivables are generally considered collateral dependent. Large balance retail and all wholesale impaired receivables are individually evaluated to determine the appropriate reserve for losses. The determination of reserves for large balance impaired receivables considers the fair value of the associated collateral. When the underlying collateral fair value exceeds the Company' s recorded investment, no reserve is recorded. Small balance impaired receivables with similar risk characteristics are evaluated as a separate pool to determine the appropriate reserve for losses using the historical loss information discussed below.

The Company evaluates finance receivables that are not individually impaired on a collective basis and determines the general allowance for credit losses for both retail and wholesale receivables based on historical loss information, using past due account data and current market conditions. Information used includes assumptions regarding the likelihood of collecting current and past due accounts, repossession rates, the recovery rate on the underlying collateral based on used truck values and other pledged collateral or recourse.

The Company has developed a range of loss estimates for its portfolio based on historical experience, taking into account loss frequency and severity in both strong and weak truck market conditions. A projection is made of the range of estimated credit losses inherent in the portfolio from which an amount is determined as probable based on current market conditions and other factors impacting the creditworthiness of the Company' s borrowers and their ability to repay. After determining the appropriate level of the allowance for credit losses, a provision for losses on finance receivables is charged to income as necessary to reflect management' s estimate of incurred credit losses, net of recoveries, inherent in the portfolio.

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

In determining the fair value of the collateral, the Company uses a pricing matrix and categorizes the fair value as Level 2 in the hierarchy of fair value measurement. The pricing matrix is reviewed quarterly and updated as appropriate. The pricing matrix considers the make, model and year of the equipment as well as recent sales prices of comparable equipment sold individually, which is the lowest unit of account, through wholesale channels to the Company' s dealers (principal market). The fair value of the collateral also considers the overall condition of the equipment.

Accounts are charged off against the allowance for credit losses when, in the judgment of management, they are considered uncollectible, which generally occurs upon repossession of the collateral. Typically the timing between the repossession and charge-off is not significant. In cases where repossession is delayed (e.g., for legal proceedings), the Company records a partial charge-off. The charge-off is determined by comparing the fair value of the collateral, less cost to sell, to the recorded investment.

For the following credit quality disclosures, finance receivables are classified into two portfolio segments, wholesale and retail. The retail portfolio is further segmented into dealer retail and customer retail. The dealer wholesale segment consists of truck inventory financing to PACCAR dealers. The dealer retail segment consists of loans and leases to participating dealers and franchises that use the proceeds to fund customers' acquisition of commercial vehicles and related equipment. The customer retail segment consists of loans and leases directly to customers for the acquisition of commercial vehicles and related equipment. Customer retail receivables are further segregated between fleet and owner/operator classes. The fleet class consists of retail accounts of customers operating more than five trucks. All other customer retail accounts are considered owner/operator. These two classes have similar measurement attributes, risk characteristics and common methods to monitor and assess credit risk.

The allowance for credit losses is summarized as follows:

| | **2017** | | | | |
|---|---|---|---|---|---|
| | **Dealer** | | **Customer** | | |
| | **Wholesale** | **Retail** | **Retail** | **Other*** | **Total** |
| **Balance at January 1** | **$2.0** | **$8.5** | **$47.8** | **$1.1** | **$59.4** |
| **(Benefit) provision for losses** | | **(.3)** | **3.3** | | **3.0** |
| **Charge-offs** | | | **(4.6)** | | **(4.6)** |
| **Recoveries** | | | **.5** | | **.5** |
| **Balance at March 31** | **$2.0** | **$8.2** | **$47.0** | **$1.1** | **$58.3** |

| | 2016 | | | | |
|---|---|---|---|---|---|
| | Dealer | | Customer | | |
| | Wholesale | Retail | Retail | Other* | Total |
| Balance at January 1 | $2.7 | $9.2 | $46.3 | $1.1 | $59.3 |
| (Benefit) provision for losses | (.1) | (.4) | 1.8 | .6 | 1.9 |
| Charge-offs | | | (4.0) | (.3) | (4.3) |
| Recoveries | | | .5 | | .5 |
| Balance at March 31 | $2.6 | $8.8 | $44.6 | $1.4 | $57.4 |

* Operating lease and other trade receivables

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

Information regarding finance receivables evaluated and the associated allowances determined individually and collectively is as follows:

| **At March 31, 2017** | **Dealer Wholesale** | **Dealer Retail** | **Customer Retail** | **Total** |
|---|---|---|---|---|
| **Recorded investment for impaired finance receivables evaluated individually** | | | **$32.9** | **$32.9** |
| **Allowance for impaired finance receivables determined individually** | | | **$2.9** | **$2.9** |
| **Recorded investment for finance receivables evaluated collectively** | **$780.2** | **$1,185.9** | **$3,126.3** | **$5,092.4** |
| **Allowance for finance receivables determined collectively** | **$2.0** | **$8.2** | **$44.1** | **$54.3** |

| At December 31, 2016 | Dealer Wholesale | Dealer Retail | Customer Retail | Total |
|---|---|---|---|---|
| Recorded investment for impaired finance receivables evaluated individually | | | $31.4 | $31.4 |
| Allowance for impaired finance receivables determined individually | | | $2.5 | $2.5 |
| Recorded investment for finance receivables evaluated collectively | $760.3 | $1,248.7 | $3,188.0 | $5,197.0 |
| Allowance for finance receivables determined collectively | $2.0 | $8.5 | $45.3 | $55.8 |

The recorded investment for finance receivables that are on non-accrual status is as follows:

| | **March 31 2017** | December 31 2016 |
|---|---|---|
| Fleet | **$30.2** | $29.9 |
| Owner/operator | **2.7** | 1.5 |
| | **$32.9** | $31.4 |

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

**Impaired Loans**

Impaired loans are summarized below. The impaired loans with a specific reserve represent the unpaid principal balance. The recorded investment of impaired loans as of March 31, 2017 and December 31, 2016 was not significantly different than the unpaid principal balance.

| | **Dealer** | | **Customer Retail** | | |
|---|---|---|---|---|---|
| **At March 31, 2017** | **Wholesale** | **Retail** | **Fleet** | **Owner/ Operator** | **Total** |
| **Impaired loans with a specific reserve** | | | **$13.3** | **$1.8** | **$15.1** |
| **Associated allowance** | | | **(2.0)** | **(.4)** | **(2.4)** |
| **Net carrying amount of impaired loans with a specific reserve** | | | **11.3** | **1.4** | **12.7** |
| **Impaired loans with no specific reserve** | | | **8.1** | **.2** | **8.3** |
| **Net carrying amount of impaired loans** | | | **$19.4** | **$1.6** | **$21.0** |
| **Average recorded investment for impaired loans*** | | | **$17.9** | **$1.7** | **$19.6** |

* Represents the average during the 12 months ended March 31, 2017

| | Dealer | | Customer Retail | | |
|---|---|---|---|---|---|
| At December 31, 2016 | Wholesale | Retail | Fleet | Owner/ Operator | Total |
| Impaired loans with a specific reserve | | | $11.3 | $1.1 | $12.4 |
| Associated allowance | | | (1.9) | (.2) | (2.1) |
| Net carrying amount of impaired loans with a specific reserve | | | 9.4 | .9 | $10.3 |
| Impaired loans with no specific reserve | | | 10.0 | .2 | 10.2 |
| Net carrying amount of impaired loans | | | $19.4 | $1.1 | $20.5 |
| Average recorded investment for impaired loans* | | | $17.3 | $1.7 | $19.0 |

* Represents the average during the 12 months ended March 31, 2016

During the period the loans above were considered impaired, interest income recognized on a cash basis was as follows:

| | **Three Months Ended March 31** | |
|---|---|---|
| | **2017** | 2016 |
| Fleet | **$ .3** | $ .2 |
| Owner/operator | | .1 |
| | **$.3** | $.3 |

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

**Credit Quality**

The Company's customers are principally concentrated in the transportation industry in the United States. The Company's portfolio assets are diversified over a large number of customers and dealers with no single customer or dealer balance representing over 10% of the total portfolio assets as of March 31, 2017 or December 31, 2016. The Company retains as collateral a security interest in the related equipment.

At the inception of each contract, the Company considers the credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit-rating agency ratings, loan-to-value ratios and other internal metrics. On an ongoing basis, the Company monitors credit quality based on past due status and collection experience as there is a meaningful correlation between the past due status of customers and the risk of loss.

The Company has three credit quality indicators: performing, watch and at-risk. Performing accounts pay in accordance with the contractual terms and are not considered high-risk. Watch accounts include accounts 31 to 90 days past due and large accounts that are performing but are considered to be high-risk. Watch accounts are not impaired. At-risk accounts are accounts that are impaired, including TDRs, accounts over 90 days past due and other accounts on non-accrual status.

The tables below summarize the Company's finance receivables by credit quality indicator and portfolio class.

| | Dealer | | Customer Retail | | |
|---|---|---|---|---|---|
| **At March 31, 2017** | **Wholesale** | **Retail** | **Fleet** | **Owner/ Operator** | **Total** |
| **Performing** | **$780.2** | **$1,185.9** | **$2,701.8** | **$413.7** | **$5,081.6** |
| **Watch** | | | **10.1** | **.7** | **10.8** |
| **At-risk** | | | **30.2** | **2.7** | **32.9** |
| | **$780.2** | **$1,185.9** | **$2,742.1** | **$417.1** | **$5,125.3** |

| | Dealer | | Customer Retail | | |
|---|---|---|---|---|---|
| At December 31, 2016 | Wholesale | Retail | Fleet | Owner/ Operator | Total |
| Performing | $757.4 | $1,248.7 | $2,761.9 | $421.0 | $5,189.0 |
| Watch | 2.9 | | 4.4 | .7 | 8.0 |
| At-risk | | | 30.0 | 1.4 | 31.4 |
| | $760.3 | $1,248.7 | $2,796.3 | $423.1 | $5,228.4 |

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

The tables below summarize the Company' s finance receivables by aging category. In determining past due status, the Company considers the entire contractual account balance past due when any installment is over 30 days past due. Substantially all customer accounts that were greater than 30 days past due prior to credit modification became current upon modification for aging purposes.

| | Dealer | | Customer Retail | | |
|---|---|---|---|---|---|
| **At March 31, 2017** | **Wholesale** | **Retail** | **Fleet** | **Owner/ Operator** | **Total** |
| **Current and up to 30 days past due** | **$780.2** | **$1,185.9** | **$2,735.4** | **$415.1** | **$5,116.6** |
| **31 – 60 days past due** | | | **3.0** | **1.1** | **4.1** |
| **Greater than 60 days past due** | | | **3.7** | **.9** | **4.6** |
| | **$780.2** | **$1,185.9** | **$2,742.1** | **$417.1** | **$5,125.3** |

| | Dealer | | Customer Retail | | |
|---|---|---|---|---|---|
| At December 31, 2016 | Wholesale | Retail | Fleet | Owner/ Operator | Total |
| Current and up to 30 days past due | $760.3 | $1,248.7 | $2,784.5 | $421.4 | $5,214.9 |
| 31 – 60 days past due | | | 5.8 | .9 | 6.7 |
| Greater than 60 days past due | | | 6.0 | .8 | 6.8 |
| | $760.3 | $1,248.7 | $2,796.3 | $423.1 | $5,228.4 |

**Troubled Debt Restructurings**

The balance of TDRs was $24.4 at March 31, 2017 and $18.1 at December 31, 2016. At modification date, the pre-modification and post-modification recorded investment balances for finance receivables modified during the periods by portfolio class are as follows:

| | Three Months Ended March 31 | | | |
|---|---|---|---|---|
| | **2017** | | 2016 | |
| | **Recorded Investment** | | Recorded Investment | |
| | **Pre-Modification** | **Post-Modification** | Pre-Modification | Post-Modification |
| Fleet | **$ 8.8** | **$ 8.8** | $ 6.7 | $ 6.7 |
| Owner/operator | | | | |
| | **$ 8.8** | **$ 8.8** | $ 6.7 | $ 6.7 |

The effect on the allowance for credit losses from such modifications was not significant at March 31, 2017 and 2016.

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

The post-modification recorded investment of finance receivables modified as TDRs during the previous twelve months that subsequently defaulted (i.e. became more than 30 days past due) during the periods by portfolio class are as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Fleet | | |
| Owner/operator | | $.1 |
| | | **$ .1** |

There were no finance receivables modified as TDRs during the last twelve months that subsequently defaulted in the three months ended March 31, 2017. During the three months ended March 31, 2016, the TDRs that subsequently defaulted did not significantly impact the Company' s allowance for credit losses.

**Repossessions**

When the Company determines that a customer is not likely to meet its contractual commitments, the Company repossesses the vehicles which serve as collateral for the loans, finance leases and equipment under operating lease. The Company records the vehicles as used truck inventory included in Other assets on the Balance Sheets. The balance of repossessed units at March 31, 2017 and December 31, 2016 was $16.6 and $15.5, respectively.

Proceeds from sales of repossessed assets were $8.0 and $4.1 for the three months ended March 31, 2017 and 2016, respectively. These amounts are included in Proceeds from disposal of equipment on the Statements of Cash Flows. Write-downs of repossessed equipment on operating leases are recorded as impairments and included in Depreciation and other rental expenses on the Statements of Comprehensive Income and Retained Earnings.

**NOTE C - Transactions with PACCAR and Affiliates**

The Company and PACCAR are parties to a Support Agreement that obligates PACCAR to provide, when required, financial assistance to the Company to ensure that the Company maintains a ratio of earnings to fixed charges (as defined in the Support Agreement) of at least 1.25 to 1 for any fiscal year. The required ratio for the three months ended March 31, 2017 and full year 2016 was met without assistance. The Support Agreement also requires PACCAR to own, directly or indirectly, all outstanding voting stock of the Company.

Periodically, the Company makes loans to, borrows from and has intercompany transactions with PACCAR. In addition, the Company periodically loans funds to certain foreign finance and leasing affiliates of PACCAR. These various affiliates have Support Agreements with PACCAR, similar to the Company' s Support Agreement with PACCAR. The foreign affiliates operate in the United Kingdom, the Netherlands, Mexico, Canada and Australia. Loans to these foreign affiliates during 2017 and 2016 were denominated in United States dollars. The foreign affiliates primarily provide financing and leasing of PACCAR manufactured trucks and related equipment sold through the DAF, Kenworth and Peterbilt independent dealer networks in Europe, Mexico, Canada and Australia. The Company will not make aggregate loans to the foreign affiliates in excess of the equivalent of $500.0 U.S. dollars, unless the amount in excess of such limit is guaranteed by PACCAR. The Company periodically reviews the funding alternatives for these affiliates, and these limits may be revised in the future.

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

Amounts outstanding at March 31, 2017 and December 31, 2016, including balances with foreign finance affiliates operating in the United Kingdom, the Netherlands, Mexico, Canada and Australia, are summarized below:

| | **March 31 2017** | December 31 2016 |
|---|---|---|
| Due from PACCAR and affiliates | | |
| Loans due from PACCAR | **$723.0** | $756.5 |
| Loans due from foreign finance affiliates | **361.0** | 413.0 |
| Direct financing leases due from affiliate | **.6** | .5 |
| Tax-related receivable due from PACCAR | | 7.1 |
| Receivables | **39.2** | 88.4 |
| | **$1,123.8** | $1,265.5 |
| Due to PACCAR and affiliates | | |
| Tax-related payables due to PACCAR | **$14.4** | |
| Payables | **11.1** | 16.2 |
| | **$25.5** | $16.2 |

The Company is included in the consolidated federal income tax return of PACCAR. The tax-related receivable due from PACCAR and the tax-related payable due to PACCAR represent the related tax benefit or provision to be settled with PACCAR.

The Company provides direct financing leases to dealer locations operated by an affiliate of PACCAR.

PACCAR charges the Company for certain administrative services it provides. These costs were charged to the Company based upon the Company’ s specific use of the services and PACCAR’ s cost.

The Company’ s principal office is located in the corporate headquarters building of PACCAR (owned by PACCAR). The Company also leases office space from another facility owned by PACCAR and four facilities leased by PACCAR. Lease payments for the use of these facilities are included in the above-mentioned administrative services charged by PACCAR.

The Company’ s employees and PACCAR employees are covered by a defined benefit pension plan sponsored by PACCAR. The assets and liabilities of the plan are reflected on the balance sheets of PACCAR. PACCAR contributes to the plan and allocates the expenses to the Company based principally on the number of eligible plan participants. Expenses for the defined benefit pension plan are included in Selling, general and administrative expenses.

The Company’ s employees and PACCAR employees are also covered by a defined contribution plan sponsored by PACCAR. Expenses incurred by the Company for the defined contribution plan benefits are based on the actual contribution made on behalf of the participating employees and are included in Selling, general and administrative expenses.

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

**NOTE D – Stockholder's Equity**

**Preferred Stock**

The Company's Articles of Incorporation provide that the 6% noncumulative, nonvoting preferred stock (100% owned by PACCAR) is redeemable only at the option of the Company's Board of Directors.

**Comprehensive Income**

The components of comprehensive income are as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Net income | **$12.5** | $24.3 |
| Other comprehensive income (loss) | | |
| Derivative contracts increase (decrease) | **.6** | (2.7) |
| Total comprehensive income | **$13.1** | $ 21.6 |

**Accumulated Other Comprehensive Income**

Accumulated other comprehensive income (AOCI) of $.9 and $.3 at March 31, 2017 and December 31, 2016, respectively, is comprised of the unrealized net gain (loss) on derivative contracts, net of taxes. Changes in and reclassifications out of AOCI during the periods are as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Balance at beginning of period | **$.3** | $(1.4) |
| Amounts recorded in AOCI | | |
| Unrealized gain (loss) on derivative contracts | **.4** | (5.5) |
| Income tax effect | **(.1)** | 2.1 |
| Amounts reclassified out of AOCI | | |
| Interest and other borrowing costs | **.5** | 1.1 |
| Income tax effect | **(.2)** | (.4) |
| Net other comprehensive income (loss) | **.6** | (2.7) |
| Balance at end of period | **$ .9** | $ (4.1) |

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

**NOTE E - Fair Value Measurements**

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs to valuation techniques used to measure fair value are either observable or unobservable. These inputs have been categorized into the fair value hierarchy described below:

Level 1 - Valuations are based on quoted prices that the Company has the ability to obtain in actively traded markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market or exchange traded market, valuation of these instruments does not require a significant degree of judgment.

Level 2 - Valuations are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuations are based on model-based techniques for which some or all of the assumptions are obtained from indirect market information that is significant to the overall fair value measurement and which require a significant degree of management judgment.

There were no transfers of assets or liabilities between Level 1 and Level 2 of the fair value hierarchy during the three months ended March 31, 2017. The Company's policy is to recognize transfers between levels at the end of the reporting period.

**Assets and Liabilities Subject to Non-recurring and Recurring Fair Value Measurement**

Impaired loans and used trucks held for sale are measured on a non-recurring basis. Derivative contracts are measured on a recurring basis. The Company's assets and liabilities subject to fair value measurements are as follows:

| **Level 2** | **March 31 2017** | December 31 2016 |
|---|---|---|
| Assets: | | |
| Impaired loans, net of specific reserves (2017 - $1.0 and 2016 - $1.0) | **$.2** | $1.9 |
| Used trucks held for sale | **104.5** | 100.4 |
| Derivative contracts | **2.0** | 2.4 |
| Liabilities: | | |
| Derivative contracts | **$5.3** | $4.1 |

The Company uses the following methods and assumptions to measure fair value for assets and liabilities subject to non-recurring and recurring fair value measurements.

*Impaired Loans:* Impaired loans that are individually evaluated are generally considered collateral dependent. Accordingly, the evaluation of individual reserves on such loans considers the fair value of the associated collateral (estimated sales proceeds less the costs to sell).

*Used Trucks Held for Sale:* The carrying amount of used trucks held for sale is written down as necessary to reflect the fair value less costs to sell. The Company determines the fair value of used trucks from a pricing matrix, which is based on the market approach. The significant observable inputs into the valuation model are recent sales prices of comparable units and the condition of the vehicles. Used truck impairments related to units held at March 31, 2017 and 2016 were $9.0 and $2.0 during the first three months of 2017 and 2016, respectively. These assets, which are shown in the above table when they are written down to fair value less costs to sell, are categorized as Level 2 and are included in Other assets on the Balance Sheets.

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

*Derivative Financial Instruments:* The Company' s derivative financial instruments consist of interest-rate swaps and are carried at fair value. These derivative contracts are traded over the counter and their fair value is determined using industry standard valuation models, which are based on the income approach (i.e., discounted cash flows). The significant observable inputs into the valuation models include interest rates, yield curves and credit default swap spreads. These contracts are categorized as Level 2 and are included in Other assets and Accounts payable, accrued expenses and other on the Balance Sheets.

**Fair Value Disclosure of Other Financial Instruments**

For financial instruments that are not recognized at fair value, the Company uses the following methods and assumptions to determine the fair value. These instruments are categorized as Level 2, except cash which is categorized as Level 1 and fixed rate loans which are categorized as Level 3.

*Cash:* Carrying amounts approximate fair value.

*Net Receivables:* For floating rate loans, dealer wholesale financings and operating lease and other trade receivables, carrying values approximate fair values. For fixed rate loans, fair values are estimated using the income approach by discounting cash flows to their present value based on current rates for comparable loans. Finance lease receivables and related allowance for credit losses have been excluded from the accompanying table.

*Commercial Paper and Medium-Term Notes:* The carrying amounts of the Company' s commercial paper and variable medium-term notes approximate fair value. For fixed rate debt, fair values are estimated using the income approach by discounting cash flows to their present value based on current rates for comparable debt.

The Company' s estimate of fair value for fixed rate loans and debt that are not carried at fair value was as follows:

| | **March 31 2017** | | December 31 2016 | |
|---|---|---|---|---|
| | **Carrying Amount** | **Fair Value** | Carrying Amount | Fair Value |
| Assets: | | | | |
| Due from PACCAR | **$673.0** | **$672.0** | $648.0 | $648.4 |
| Due from foreign finance affiliates | **172.0** | **172.7** | 218.0 | 219.4 |
| Fixed rate loans | **2,727.1** | **2,747.5** | 2,796.0 | 2,816.2 |
| Liabilities: | | | | |
| Fixed rate debt | **$4,091.3** | **$4,078.0** | $4,193.1 | $4,191.4 |

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

**NOTE F – Derivative Financial Instruments**

Interest-rate contracts involve the exchange of fixed for floating rate or floating for fixed rate interest payments based on the contractual notional amounts in a single currency. The Company is exposed to interest rate risk caused by market volatility as a result of its borrowing activities. The objective of these contracts is to mitigate the fluctuations on earnings, cash flows and fair value of borrowings. Net amounts paid or received are reflected as adjustments to interest expense.

At March 31, 2017, the notional amount of these contracts totaled $1,103.6 with amounts expiring over the next four years. Notional maturities for all interest-rate contracts are $130.0 for the remainder of 2017, $460.0 for 2018, $326.0 for 2019, $125.0 for 2020, $62.6 for 2021. The notional amount is used to measure the volume of these contracts and does not represent exposure to credit loss.

The following table presents the balance sheet classification, fair value and gross and net amounts of derivative financial instruments:

| | **March 31 2017** | | December 31 2016 | |
|---|---|---|---|---|
| Interest-rate contracts: | **Assets** | **Liabilities** | Assets | Liabilities |
| Other assets | **$2.0** | | $2.4 | |
| Accounts payable, accrued expenses and other | | **$5.3** | | $4.1 |
| Gross amounts recognized in Balance Sheets | **2.0** | **5.3** | 2.4 | 4.1 |
| Less amounts not offset in financial instruments | **(.7)** | **(.7)** | (.6) | (.6) |
| Pro-forma net amount | **$1.3** | **$4.6** | $1.8 | $3.5 |

All of the Company' s interest-rate contracts are transacted under International Swaps and Derivatives Association (ISDA) master agreements. Each agreement permits the net settlement of amounts owed in the event of default and certain other termination events.

The Company has elected not to offset derivative positions in the balance sheet with the same counterparty under the same agreements and is not required to post or receive collateral. Exposure limits and minimum credit ratings are used to minimize the risks of counterparty default. The Company' s maximum exposure to potential default of its swap counterparties is limited to the asset position of its swap portfolio. The asset position of the Company' s swap portfolio was $2.0 and $2.4 at March 31, 2017 and December 31, 2016, respectively.

The Company uses regression analysis to assess effectiveness of interest-rate contracts on a quarterly basis. All components of the derivative instrument' s gain or loss are included in the assessment of hedge effectiveness. Gains or losses on the ineffective portion of cash flow hedges are recognized in current earnings and were immaterial for the three months ended March 31, 2017 and 2016. Hedge accounting is discontinued prospectively when the Company determines that a derivative financial instrument has ceased to be a highly effective hedge.

**Cash Flow Hedges**

Certain of the Company' s interest-rate contracts have been designated as cash flow hedges. Changes in the fair value of derivatives designated as cash flow hedges are recorded in AOCI to the extent such hedges are considered effective. The maximum length of time over which the Company is hedging its exposure to the variability in future cash flows is four years.

**Notes to Financial Statements (Unaudited)** (Millions of Dollars)

Amounts in AOCI are reclassified into net income in the same period in which the hedged transaction affects earnings. The amount of loss recorded in AOCI at March 31, 2017 that is estimated to be reclassified to interest expense in the following 12 months if interest rates remain unchanged is approximately $.3, net of taxes. The fixed interest earned on finance receivables will offset the amount recognized in interest expense, resulting in a stable interest margin consistent with the Company' s interest rate risk management strategy.

### Fair Value Hedges

Changes in the fair value of derivatives designated as fair value hedges are recorded in earnings together with the changes in fair value of the hedged item attributable to the risk being hedged. The expense or (income) recognized in earnings related to fair value hedges was included in Interest and other borrowing costs as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | **2016** |
| Interest-rate swaps | **$ 1.3** | $ (2.0 ) |
| Term notes | **$ (1.3 )** | $ 1.6 |

### NOTE G ‑ Income Taxes

The effective income tax rate for the first quarter of 2017 was 37.5% compared to 36.6% for the first quarter of 2016, reflecting higher state tax expense in 2017 compared to 2016.

The Company is included in the consolidated federal income tax return of PACCAR. Federal income taxes for the Company are determined on a separate return basis. State income taxes, where the Company files combined tax returns with PACCAR, are determined on a blended statutory rate, which is substantially the same as the rate computed on a separate return basis.

**ITEM 2. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** (Millions of Dollars)

**Results of Operations**

| | Three Months Ended March 31 | | |
|---|---|---|---|
| | **2017** | 2016 | % Change |
| New business volume by product: | | | |
| Retail loans and direct financing leases | **$242.0** | $302.4 | (20) |
| Equipment on operating leases | **94.0** | 122.2 | (23) |
| Dealer master notes | **35.0** | 27.3 | 28 |
| | **$371.0** | $451.9 | (18) |
| Average earning assets by product: | | | |
| Retail loans and direct financing leases | **$4,368.4** | $4,429.8 | (1) |
| Equipment on operating leases | **1,508.5** | 1,349.7 | 12 |
| Dealer wholesale financing | **775.3** | 949.0 | (18) |
| Dealer master notes | **25.0** | 37.0 | (32) |
| | **$6,677.2** | $6,765.5 | (1) |
| Revenue by product: | | | |
| Retail loans and direct financing leases | **$51.3** | $52.0 | (1) |
| Equipment on operating leases | **92.7** | 84.8 | 9 |
| Dealer wholesale financing | **5.8** | 6.7 | (13) |
| Dealer master notes | **.3** | .3 | |
| Used truck sales, other revenues and fees | **16.0** | 6.9 | 132 |
| | **$166.1** | $150.7 | 10 |
| Income before income taxes | **$20.0** | $38.3 | (48) |

New Business Volume

New business volume from retail loans and direct financing leases in the first quarter of 2017 decreased to $242.0 from $302.4 in the first quarter of 2016 due to lower sales of PACCAR trucks in 2017. Equipment on operating leases new business volume decreased to $94.0 in the first quarter of 2017 from $122.2 in the first quarter of 2016, primarily due to lower fleet business in 2017. Dealer master notes new business volume increased to $35.0 in the first quarter of 2017 from $27.3 in the first quarter of 2016 due to increased finance volume from dealers.

In the first quarter of 2017, market share on new PACCAR trucks was 19.8% compared to 19.4% in the first quarter of 2016.

Income Before Income Taxes

The Company' s income before income taxes was $20.0 for the first quarter of 2017 compared to $38.3 for the first quarter of 2016. The decrease in income before income taxes in 2017 was primarily the result of lower operating lease margin of $11.5, lower finance margin of $5.6 and higher provision for losses of $1.1.

Included in Other assets on the Company' s Balance Sheets are used trucks held for sale, net of impairments, of $174.4 at March 31, 2017 and $205.5 at December 31, 2016. These trucks are primarily related to units returned from matured operating leases in the ordinary course of business, and may also include trucks acquired from repossessions or through acquisitions of used trucks in trades related to new truck sales. In the first quarter, the Company recognized losses on used trucks, excluding repossessions, of $13.3 in 2017 and $3.8 in 2016, including losses on multiple unit transactions of $8.5 in 2017 and $1.1 in 2016. Used truck losses related to repossessions, which are recognized as credit losses, were not significant for the first quarters of 2017 and 2016.

Revenue and Expenses

The major factors for the change in interest and fee income, interest and other borrowing costs and finance margin for the three months ended March 31, 2017 are outlined in the table below:

| | Interest and Fee Income | Interest and Other Borrowing Costs | Finance Margin |
|---|---|---|---|
| Three Months Ended March 31, 2016 | $59.2 | $19.3 | $39.9 |
| (Decrease) increase | | | |
| Average finance receivables | (2.5) | | (2.5) |
| Average receivables from PACCAR and affiliates | .6 | | .6 |
| Average debt balances | | .5 | (.5) |
| Yields | .4 | | .4 |
| Borrowing rates | | 3.6 | (3.6) |
| Total (decrease) increase | (1.5) | 4.1 | (5.6) |
| **Three Months Ended March 31, 2017** | **$57.7** | **$23.4** | **$34.3** |

Average finance receivables decreased $247.1 in the first quarter of 2017 primarily due to lower dealer wholesale financing and a lower retail portfolio.

Average receivables from PACCAR and affiliates increased $173.6 in the first quarter of 2017 as a result of new loans to affiliated companies exceeding collections.

Average debt balances increased $133.5 in the first quarter of 2017, reflecting funding requirements for the portfolio and affiliated companies.

Average yields increased primarily due to higher yields on receivables from PACCAR and affiliates (1.47% in the first quarter of 2017, compared to 1.23% in the first quarter of 2016). Average yields on customer finance receivables were 4.19% in the first quarter of 2017, compared to 4.21% in the first quarter of 2016.

Average borrowing rates in the first quarter of 2017 were 1.62% compared to 1.36% in the first quarter of 2016 due to higher debt market interest rates.

The major factors for the change in operating lease and rental revenues, depreciation and other rental expenses and operating lease margin for the three months ended March 31, 2017 are outlined in the table below:

| | Operating Lease and Rental Revenues | Depreciation and Other Rental Expenses | Operating Lease Margin |
|---|---|---|---|
| Three Months Ended March 31, 2016 | $84.8 | $72.3 | $12.5 |
| Increase (decrease) | | | |
| Operating lease impairment | | 4.1 | (4.1) |
| Results on returned lease assets | | 8.5 | (8.5) |
| Average operating lease assets | 8.9 | 7.4 | 1.5 |
| Revenue and cost per asset | (1.0) | (.6) | (.4) |
| Total increase (decrease) | 7.9 | 19.4 | (11.5) |
| **Three Months Ended March 31, 2017** | **$92.7** | **$91.7** | **$1.0** |

Operating lease impairments increased in 2017 reflecting higher operating lease assets and lower used truck market prices.

Results on returned lease assets were lower in 2017 compared to 2016 primarily due to higher losses on sales of returned lease units.

Average operating lease assets increased due to higher demand for leased vehicles compared to the volume of expiring leases.

Revenue and cost per asset decreased by $1.0 and $.6, respectively. Operating lease margin per asset decreased by $.4 primarily due to lower fleet utilization and lower vehicle related expenses.

Used truck sales and other revenues and cost of used truck sales and other expenses are summarized below for the first quarter of 2017 compared to the first quarter of 2016:

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Used truck sales and other revenues | **$15.7** | $6.7 |
| Cost of used truck sales and other expenses | **15.0** | 6.5 |
| Results from used trucks and other | **$.7** | $.2 |

Results from used trucks and other in the first quarter of 2017 increased by $.5 compared to the first quarter of 2016, primarily due to improved results from the sale of used trucks received on trade.

Allowance for Credit Losses

The following table summarizes information on the Company' s allowance for credit losses on receivables and asset portfolio and presents related ratios:

| | **Three Months Ended March 31 2017** | Year Ended December 31 2016 | Three Months Ended March 31 2016 |
|---|---|---|---|
| Balance at beginning of period | **$59.4** | $59.3 | $59.3 |
| Provision for losses | **3.0** | 12.3 | 1.9 |
| Charge-offs | **(4.6)** | (13.5) | (4.3) |
| Recoveries | **.5** | 1.3 | .5 |
| Balance at end of period | **$58.3** | $59.4 | $57.4 |
| Ratios: | | | |
| Charge-offs, net of recoveries ($4.1 in 2017) to average total portfolio ($5,168.7 in 2017) annualized at March 31, 2017 | **.32%** | .23% | .28% |
| Allowance for credit losses ($58.3 in 2017) to period-end total portfolio ($5,194.6 in 2017) | **1.12%** | 1.12% | 1.06% |
| Period-end retail loan and lease receivables past due over 30 days ($8.7 in 2017) to period-end retail loan and lease receivables ($4,320.8 in 2017) | **.20%** | .30% | .16% |

The provision for losses on receivables was $3.0 for the first quarter of 2017, compared to $1.9 for the first quarter of 2016, reflecting continued good portfolio performance.

Retail loan and lease receivables past due over 30 days at March 31, 2017 was .20% compared to ..30% at December 31, 2016, reflecting four fleet customers charged off in 2017, and .16% at March 31, 2016. The Company continues to focus on maintaining low past due balances.

The estimation methods and factors considered for determining the allowance during the periods included in this filing have been consistently applied. See "Note B – Finance and Other Receivables" for additional discussion regarding the Allowance for Credit Losses.

Modifications

The Company modifies loans and finance leases in the normal course of its operations. The Company may modify loans and finance leases for commercial reasons or for credit reasons. Modifications for commercial reasons are changes to contract terms for customers that are not considered to be in financial difficulty. Insignificant delays are modifications extending terms up to three months for customers experiencing some short-term financial stress, but not considered to be in financial difficulty. Modifications for credit reasons are changes to contract terms for customers considered to be in financial difficulty. The Company' s modifications typically result in granting more time to pay the contractual amounts owed and charging a fee and interest for the term of the modification. When considering whether to modify customer accounts for credit reasons, the Company evaluates the creditworthiness of the customers and modifies those accounts that the Company considers likely to perform under the modified terms. When the Company modifies loans and finance leases for credit reasons and grants a concession, the modifications are classified as troubled debt restructurings (TDR).

The post-modification balance of accounts modified during the three months ended March 31, 2017 and 2016 are summarized below:

| | **Three Months Ended March 31, 2017** | | Three Months Ended March 31, 2016 | |
|---|---|---|---|---|
| | **Recorded Investment** | **% of Total Portfolio*** | Recorded Investment | % of Total Portfolio* |
| Commercial | **$43.4** | **3.4 %** | $44.5 | 3.3 % |
| Insignificant Delay | **23.5** | **1.8 %** | 20.2 | 1.5 % |
| Credit - No Concession | **.2** | | .4 | |
| Credit - TDR | **8.8** | **.7 %** | 6.7 | .5 % |
| | **$75.9** | **5.9 %** | $71.8 | 5.3 % |

* Recorded investment immediately after modification as a percentage of period-end portfolio, on an annualized basis

Modification activity increased in the first quarter of 2017 compared to the first quarter of 2016. The decrease in modifications for commercial reasons primarily reflects lower volumes of refinancing. The increase in modifications for insignificant delay reflects more fleet customers requesting payment relief for up to three months. Credit – TDR modifications increased to $8.8 in 2017 from $6.7 in 2016 mainly due to the contract modifications for one large fleet customer.

When the Company modifies a 30+ days past due account, the customer is then generally considered current under the revised contractual terms. The Company modified $.3 of accounts during the first quarter of 2017, $.7 of accounts during the fourth quarter of 2016 and $.1 of accounts during the first quarter of 2016 that were 30+ days past due and became current at the time of modification. Had these accounts not been modified and had they continued to not make payments, the pro forma percentage of retail loan and lease accounts 30+ days past due would have been as follows:

| | **March 31 2017** | December 31 2016 | March 31 2016 |
|---|---|---|---|
| Pro forma percentage of retail loan and lease accounts 30+ days past due | **.21 %** | .32 % | .17 % |

Portfolio

The Company' s portfolio is concentrated with customers in the heavy- and medium-duty truck transportation industry. The portfolio is comprised of retail loans and leases, dealer wholesale financing and dealer master notes as follows:

| | March 31 2017 | | | December 31 2016 | | | March 31 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| Retail loans | **$2,878.4** | **56** | **%** | $2,948.6 | 56 | % | $2,887.1 | 53 | % |
| Retail leases | **1,442.4** | **28** | **%** | 1,495.7 | 28 | % | 1,513.8 | 28 | % |
| Dealer wholesale financing | **780.2** | **15** | **%** | 760.3 | 15 | % | 895.3 | 17 | % |
| Dealer master notes | **24.3** | | | 23.8 | | | 31.7 | 1 | % |
| Operating lease receivables and other | **69.3** | **1** | **%** | 65.9 | 1 | % | 63.4 | 1 | % |
| Total portfolio | **$5,194.6** | **100** | **%** | $5,294.3 | 100 | % | $5,391.3 | 100 | % |

Retail loans and leases decreased to $2,878.4 and $1,442.4 at March 31, 2017 from $2,948.6 and $1,495.7 at December 31, 2016 reflecting collections exceeding new business volume.

Dealer wholesale financing balances increased to $780.2 at March 31, 2017 from $760.3 at December 31, 2016 due to higher dealer new truck inventory.

Dealer master notes were $24.3 at March 31, 2017 compared to $23.8 at December 31, 2016. Dealers may pay the loans early or make additional draws up to specified balances of the contracts pledged to the Company. As of March 31, 2017, the underlying pledged contracts were $87.4 upon which the dealers have available $48.3 as potential additional borrowing capacity.

Income Taxes

The effective income tax rate for the first quarter of 2017 was 37.5% compared to 36.6% for the first quarter of 2016, reflecting higher state tax expense in 2017 compared to 2016.

The Company is included in the consolidated federal income tax return of PACCAR. Federal income taxes for the Company are determined on a separate return basis. State income taxes, where the Company files combined tax returns with PACCAR, are determined on a blended statutory rate, which is substantially the same as the rate computed on a separate return basis.

The Company' s deferred income tax benefit for the first quarter of 2017 was $7.5 compared to $8.8 for the first quarter of 2016. The Company' s net deferred tax liability decreased to $797.7 at March 31, 2017 from $804.9 at December 31, 2016 due to lower benefits from accelerated depreciation. Deferred taxes are impacted by new business volume and the accelerated depreciation deduction rate under U.S. tax law. The difference in the timing of depreciation for financial statement and income tax purposes does not impact operating results and is not expected to have a significant impact on liquidity in 2017.

**Company Outlook**

Truck industry Class 8 retail sales in the U.S. in 2017 are expected to be 165,000 – 195,000 units compared to 192,700 units in 2016. Average earning assets in 2017 are expected to be comparable to 2016. Current good levels of freight tonnage, freight rates and fleet utilization are contributing to customers' profitability and cash flow. If current freight transportation conditions decline due to weaker economic conditions, then past due accounts, truck repossessions and credit losses would likely increase from the current low levels. See the Forward-Looking Statements section of Management's Discussion and Analysis for factors that may affect this outlook.

**Funding and Liquidity**

The Company's debt ratings at March 31, 2017 are as follows:

| | Standard and Poor's | Moody's |
|---|---|---|
| **Commercial paper** | **A-1** | **P-1** |
| **Senior unsecured debt** | **A+** | **A1** |

A decrease in these credit ratings could negatively impact the Company's ability to access capital markets at competitive interest rates and the Company's ability to maintain liquidity and financial stability.

The Company periodically registers debt securities under the Securities Act of 1933 for offering to the public. In November 2015, the Company filed a shelf registration statement to issue medium-term notes. The shelf registration statement expires in November 2018 and does not limit the principal amount of debt securities that may be issued during the period.

The Company participated with PACCAR and certain other PACCAR affiliates in syndicated credit facilities of $3,000.0 at March 31, 2017. Of this amount, $1,000.0 expires in June 2017, $1,000.0 expires in June 2020 and $1,000.0 expires in June 2021. PACCAR and the Company intend to extend or replace these credit facilities on or before expiration to maintain facilities of similar amounts and duration.

Of the $3,000.0 credit facilities, $1,953.0 is available for use by the Company and/or PACCAR and PACCAR Financial Europe. The remaining $1,047.0 is allocated to other non-U.S. PACCAR financial subsidiaries. These credit facilities are used to provide backup liquidity for the Company's commercial paper and maturing medium-term notes. The Company is liable only for its own borrowings under these credit facilities. There were no borrowings under these credit facilities in the three months ended March 31, 2017.

The Company issues commercial paper and medium-term notes to fund its financing and leasing operations. Some of this commercial paper is converted to fixed interest rate debt through the use of interest-rate swaps, which are used to manage interest rate risk. The total principal amounts of commercial paper and medium-term notes outstanding for the Company as of March 31, 2017 were $1,171.1 and $4,650.0, respectively.

The Company believes its current investment grade credit ratings of A+/A1, syndicated bank lines, collections on existing loans and leases and its ability to borrow from PACCAR, if necessary, will continue to provide it with sufficient resources and access to capital markets at competitive interest rates to maintain its liquidity and financial stability. In the event of a decrease in the Company's credit ratings or a disruption in the financial markets, the Company may not be able to refinance its maturing debt in the financial markets. In such circumstances, the Company would be exposed to liquidity risk to the degree that the timing of debt maturities differs from the timing of receivable collections from customers. The Company believes its various sources of liquidity would continue to provide it with sufficient funding resources to service its maturing debt obligations.

Other information on liquidity, sources of capital, and contractual cash commitments as presented in the Company' s Annual Report on Form 10-K for the year ended December 31, 2016 (the "2016 Annual Report") continues to be relevant.

**Forward-Looking Statements**

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements relating to future results of operations or financial position and any other statement that does not relate to any historical or current fact. Such statements are based on currently available operating, financial and other information and are subject to risks and uncertainties that may affect actual results. Risks and uncertainties include, but are not limited to: national and local economic, political and industry conditions; changes in the levels of new business volume due to unit fluctuations in new PACCAR truck sales or reduced market share; changes in competitive factors; changes affecting the profitability of truck owners and operators; price changes impacting equipment costs and residual values; changes in interest rates and other operating costs; insufficient liquidity in the capital markets and availability of other funding sources; cybersecurity risks to the Company' s information technology systems; litigation including the Company or affiliated entities; and legislation and governmental regulation.

**Item 3** is omitted pursuant to Form 10-Q General Instructions (H)(2)(c).

## ITEM 4. CONTROLS AND PROCEDURES

The Company' s management, with the participation of the Principal Executive Officer and Principal Financial Officer, conducted an evaluation of the effectiveness of the Company' s disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the Company' s disclosure controls and procedures were effective as of the end of the period covered by this report.

There have been no significant changes in the Company' s internal control over financial reporting that occurred during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company' s internal control over financial reporting.

Table of Contents



## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

The Company is a party to various routine legal proceedings incidental to its business involving the collection of accounts and other matters. The Company does not consider such matters to be material with respect to the business or financial condition of the Company as a whole.

### ITEM 1A. RISK FACTORS

For information regarding risk factors, refer to Part I, Item 1A as presented in the 2016 Annual Report. There have been no material changes in the Company' s risk factors during the three months ended March 31, 2017.

**Items 2, 3** and **4** are omitted pursuant to Form 10-Q General Instructions (H)(2)(b).

For **Item 5**, there was no reportable information during the three months ended March 31, 2017.

### ITEM 6. EXHIBITS

Any exhibits filed herewith are listed in the accompanying index to exhibits.

## 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.

**PACCAR Financial Corp.**
(Registrant)

Date May 4, 2017

/s/ Todd R. Hubbard
Todd R. Hubbard
President
(Authorized Officer)

/s/ Yi Zhang
Yi Zhang
Controller
(Chief Accounting Officer)

**PACCAR FINANCIAL CORP. – FORM 10-Q**

**EXHIBIT INDEX**

Exhibits (in order of assigned index numbers)

| Exhibit Number | | Exhibit Description | Form | Date of First Filing | Exhibit Number | File Number |
|---|---|---|---|---|---|---|
| (3) | | Articles of incorporation and by-laws: | | | | |
| | (i) | Restated Articles of Incorporation of the Company, as amended | 10-K | February 26, 2015 | 3.1 | 001-11677 |
| | (ii) | Restated by-laws of the Company | 10-Q | August 7, 2014 | 3(c) | 001-11677 |
| (4) | | Instruments defining the rights of security holders, including indentures: | | | | |
| | (a) | Indenture for Senior Debt Securities dated as of November 20, 2009 between the Company and The Bank of New York Mellon Trust Company, N.A. | S-3 | November 20, 2009 | 4.1 | 333-163273 |
| | (b) | Forms of Medium-Term Note, Series N | S-3 | November 7, 2012 | 4.2 and 4.3 | 333-184808 |
| | (c) | Forms of Medium-Term Note, Series O | S-3 | November 5, 2015 | 4.2 and 4.3 | 333-207838 |
| | (d) | Form of InterNotes, Series C | S-3 | November 5, 2015 | 4.4 | 333-207838 |
| (10) | | Material contracts: | | | | |
| | (a) | Support Agreement between the Company and PACCAR dated as of June 19, 1989 | S-3 | June 23, 1989 | 28.1 | 33-29434 |
| (12) | | Statements re: computation of ratios: | | | | |
| | (a) | Computation of ratio of earnings to fixed charges of the Company pursuant to SEC reporting requirements for the three month periods ended March 31, 2017 and 2016* | | | | |
| | (b) | Computation of ratio of earnings to fixed charges of the Company pursuant to the Support Agreement between the Company and PACCAR for the three month periods ended March 31, 2017 and 2016* | | | | |

**PACCAR FINANCIAL CORP. - FORM 10-Q**

**EXHIBIT INDEX**

| Exhibit Number | | Exhibit Description | Form | Date of First Filing | Exhibit Number | File Number |
|---|---|---|---|---|---|---|
| (31) | | Rule 13a-14(a)/15d-14(a) Certifications: | | | | |
| | (a) | Certification of Principal Executive Officer* | | | | |
| | (b) | Certification of Principal Financial Officer* | | | | |
| (32) | | Section 1350 Certifications: | | | | |
| | (a) | Certification pursuant to rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. section 1350)* | | | | |
| (101.INS) | | XBRL Instance Document* | | | | |
| (101.SCH) | | XBRL Taxonomy Extension Schema Document* | | | | |
| (101.CAL) | | XBRL Taxonomy Extension Calculation Linkbase Document* | | | | |
| (101.DEF) | | XBRL Taxonomy Extension Definition Linkbase Document* | | | | |
| (101.LAB) | | XBRL Taxonomy Extension Label Linkbase Document* | | | | |
| (101.PRE) | | XBRL Taxonomy Extension Presentation Linkbase Document* | | | | |

* Filed herewith

**EXHIBIT 12(a)**

**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**

**PURSUANT TO SEC REPORTING REQUIREMENTS** (1)
(Millions of Dollars)

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| FIXED CHARGES | | |
| Interest expense | **$21.3** | $17.6 |
| Portion of rentals deemed interest | **.3** | .3 |
| TOTAL FIXED CHARGES | **$21.6** | $17.9 |
| EARNINGS | | |
| Income before income taxes | **$20.0** | $38.3 |
| Fixed charges | **21.6** | 17.9 |
| EARNINGS AS DEFINED | **$41.6** | $56.2 |
| RATIO OF EARNINGS TO FIXED CHARGES | **1.93X** | 3.14X |

(1) The method of computing the ratio of earnings to fixed charges shown above complies with SEC reporting requirements but differs from the method called for in the Support Agreement between the Company and PACCAR as shown in Exhibit 12(b).

**EXHIBIT 12(b)**

**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**

**PURSUANT TO THE SUPPORT AGREEMENT BETWEEN THE COMPANY AND PACCAR**

(Millions of Dollars)

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| FIXED CHARGES | | |
| Interest expense | **$21.3** | $17.6 |
| Facility and equipment rental | **.4** | .4 |
| TOTAL FIXED CHARGES | **$21.7** | $18.0 |
| EARNINGS | | |
| Income before income taxes | **$20.0** | $38.3 |
| Depreciation | **83.3** | 65.2 |
| | **103.3** | 103.5 |
| FIXED CHARGES | **21.7** | 18.0 |
| EARNINGS AS DEFINED | **$125.0** | $121.5 |
| RATIO OF EARNINGS TO FIXED CHARGES | **5.76X** | 6.75X |

**PACCAR FINANCIAL CORP.**

**CERTIFICATION**

**Exhibit 31(a)**

I, Ronald E. Armstrong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PACCAR Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and
5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date May 4, 2017

/s/ Ronald E. Armstrong
Ronald E. Armstrong
Chief Executive Officer
(Principal Executive Officer)

**PACCAR FINANCIAL CORP.**

**CERTIFICATION**

**Exhibit 31(b)**

I, Robert A. Bengston, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PACCAR Financial Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date May 4, 2017

/s/ Robert A. Bengston
Robert A. Bengston
Principal Financial Officer

**Exhibit 32(a)**

**PACCAR FINANCIAL CORP.**

**CERTIFICATION PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of PACCAR Financial Corp. (the "Company") on Form 10-Q for the quarter ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. section 1350), that to the best of our knowledge and belief:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date May 4, 2017

/s/ Ronald E. Armstrong
Ronald E. Armstrong
Chief Executive Officer
PACCAR Financial Corp.
(Principal Executive Officer)

/s/ Robert A. Bengston
Robert A. Bengston
Principal Financial Officer
PACCAR Financial Corp.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

| Document and Entity Information - shares | 3 Months Ended Mar. 31, 2017 | Apr. 28, 2017 |
|---|---|---|
| **Document And Entity Information [Abstract]** | | |
| Document Type | 10-Q | |
| Amendment Flag | false | |
| Document Period End Date | Mar. 31, 2017 | |
| Document Fiscal Year Focus | 2017 | |
| Document Fiscal Period Focus | Q1 | |
| Trading Symbol | ck0000731288 | |
| Entity Registrant Name | PACCAR FINANCIAL CORP | |
| Entity Central Index Key | 0000731288 | |
| Current Fiscal Year End Date | --12-31 | |
| Entity Filer Category | Non-accelerated Filer | |
| Entity Common Stock, Shares Outstanding | | 145,000 |

| STATEMENTS OF COMPREHENSIVE INCOME AND RETAINED EARNINGS - USD ($) $ in Millions | 3 Months Ended | | |
|---|---|---|---|
| | Mar. 31, 2017 | | Mar. 31, 2016 |
| Income Statement [Abstract] | | | |
| Interest and fee income | $ 57.7 | | $ 59.2 |
| Operating lease and rental revenues | 92.7 | | 84.8 |
| Used truck sales and other revenues | 15.7 | | 6.7 |
| TOTAL INTEREST AND OTHER REVENUES | 166.1 | | 150.7 |
| Interest and other borrowing costs | 23.4 | | 19.3 |
| Depreciation and other rental expenses | 91.7 | | 72.3 |
| Cost of used truck sales and other expenses | 15.0 | | 6.5 |
| Selling, general and administrative expenses | 13.0 | | 12.4 |
| Provision for losses on receivables | 3.0 | | 1.9 |
| TOTAL EXPENSES | 146.1 | | 112.4 |
| INCOME BEFORE INCOME TAXES | 20.0 | | 38.3 |
| Income taxes | 7.5 | | 14.0 |
| NET INCOME | 12.5 | | 24.3 |
| COMPREHENSIVE INCOME | 13.1 | | 21.6 |
| RETAINED EARNINGS AT BEGINNING OF PERIOD | 1,004.9 | [1] | 1,016.0 |
| RETAINED EARNINGS AT END OF PERIOD | $ 1,017.4 | | $ 1,040.3 |

[1] The December 31, 2016 balance sheet has been derived from audited financial statements.

| BALANCE SHEETS - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 [1] |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 30.7 | $ 46.6 |
| Finance and other receivables, net of allowance for credit losses (2017 - $58.3 and 2016 - $59.4) | 5,136.3 | 5,234.9 |
| Due from PACCAR and affiliates | 1,123.8 | 1,265.5 |
| Equipment on operating leases, net of accumulated depreciation (2017 - $582.4 and 2016 - $548.2) | 1,511.0 | 1,522.9 |
| Other assets | 250.9 | 260.6 |
| TOTAL ASSETS | 8,052.7 | 8,330.5 |
| **LIABILITIES** | | |
| Accounts payable, accrued expenses and other | 231.7 | 252.3 |
| Due to PACCAR and affiliates | 25.5 | 16.2 |
| Commercial paper | 1,170.6 | 1,343.5 |
| Medium-term notes | 4,631.8 | 4,733.5 |
| Deferred taxes and other liabilities | 803.8 | 812.0 |
| TOTAL LIABILITIES | 6,863.4 | 7,157.5 |
| **STOCKHOLDER'S EQUITY** | | |
| Preferred stock, par value $100 per share, 6% noncumulative and nonvoting, 450,000 shares authorized, 310,000 shares issued and outstanding | 31.0 | 31.0 |
| Common stock, par value $100 per share, 200,000 shares authorized, 145,000 shares issued and outstanding | 14.5 | 14.5 |
| Additional paid-in capital | 125.5 | 122.3 |
| Retained earnings | 1,017.4 | 1,004.9 |
| Accumulated other comprehensive income | 0.9 | 0.3 |
| TOTAL STOCKHOLDER'S EQUITY | 1,189.3 | 1,173.0 |
| TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY | $ 8,052.7 | $ 8,330.5 |

[1] The December 31, 2016 balance sheet has been derived from audited financial statements.

| BALANCE SHEETS (Parenthetical) - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 [1] |
|---|---|---|
| **Statement of Financial Position [Abstract]** | | |
| Finance and other receivables, allowance for credit losses | $ 58.3 | $ 59.4 |
| Equipment on operating leases, accumulated depreciation | $ 582.4 | $ 548.2 |
| Preferred stock, par value | $ 100 | $ 100 |
| Preferred stock, noncumulative and nonvoting | 6.00% | 6.00% |
| Preferred stock, shares authorized | 450,000 | 450,000 |
| Preferred stock, shares issued | 310,000 | 310,000 |
| Preferred stock, shares outstanding | 310,000 | 310,000 |
| Common stock, par value | $ 100 | $ 100 |
| Common stock, shares authorized | 200,000 | 200,000 |
| Common stock, shares issued | 145,000 | 145,000 |
| Common stock, shares outstanding | 145,000 | 145,000 |

[1] The December 31, 2016 balance sheet has been derived from audited financial statements.

| STATEMENTS OF CASH FLOWS - USD ($) $ in Millions | 3 Months Ended | |
|---|---|---|
| | Mar. 31, 2017 | Mar. 31, 2016 |
| **OPERATING ACTIVITIES** | | |
| Net income | $ 12.5 | $ 24.3 |
| **Items included in net income not affecting cash:** | | |
| Depreciation and amortization | 87.2 | 68.8 |
| Provision for losses on receivables | 3.0 | 1.9 |
| Deferred taxes | (7.5) | (8.8) |
| Administrative fees for services from PACCAR | 3.2 | 3.0 |
| Change in tax-related balances with PACCAR | 21.5 | 22.8 |
| Increase (decrease) in payables and other | 15.5 | (46.9) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 135.4 | 65.1 |
| **INVESTING ACTIVITIES** | | |
| Finance and other receivables originated | (281.7) | (337.9) |
| Collections on finance and other receivables | 390.0 | 379.2 |
| Net (increase) decrease in wholesale receivables | (19.9) | 71.8 |
| Loans to PACCAR and affiliates | (25.0) | (122.0) |
| Collections on loans from PACCAR and affiliates | 101.0 | 120.0 |
| Net decrease in other receivables and leases to PACCAR and affiliates | 20.7 | 30.3 |
| Acquisition of equipment for operating leases, primarily from PACCAR | (94.3) | (120.8) |
| Proceeds from disposal of equipment | 49.8 | 25.9 |
| Other | (17.9) | (3.1) |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 122.7 | 43.4 |
| **FINANCING ACTIVITIES** | | |
| Net decrease in short-term commercial paper | (172.9) | (115.3) |
| Proceeds from medium-term notes and other commercial paper | 398.9 | 498.0 |
| Payments of medium-term notes and other commercial paper | (500.0) | (500.0) |
| NET CASH USED IN FINANCING ACTIVITIES | (274.0) | (117.3) |
| NET DECREASE IN CASH | (15.9) | (8.8) |
| CASH AT BEGINNING OF PERIOD | 46.6 [1] | 35.3 |
| CASH AT END OF PERIOD | $ 30.7 | $ 26.5 |

[1] The December 31, 2016 balance sheet has been derived from audited financial statements.

| Basis of Presentation | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Organization, Consolidation and Presentation of Financial Statements [Abstract]** | |
| Basis of Presentation | |

**NOTE A - Basis of Presentation**

PACCAR Financial Corp. (the “Company”) is a wholly owned subsidiary of PACCAR Inc (“PACCAR”). The Company primarily provides financing of PACCAR manufactured trucks and related equipment sold by authorized dealers. The Company also finances dealer inventories of transportation equipment and franchises Kenworth and Peterbilt dealerships to engage in full-service and finance leasing. The operations of the Company are fundamentally affected by its relationship with PACCAR.

The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. For further information, refer to the financial statements and footnotes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

**New Accounting Pronouncements:**

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendment in this ASU addresses diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The ASU is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. Early adoption is permitted. This standard should be applied using a retrospective transition method to each period presented. If it is impracticable to apply the standard retrospectively, the standard would be applied prospectively as of the earliest date practicable. The Company is currently evaluating the impact on its financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendment in this ASU requires entities having financial assets measured at amortized cost to estimate credit reserves under an expected credit loss model rather than the current incurred loss model. Under this new model, expected credit losses will be based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect collectability. The ASU is effective for annual periods beginning after December 15, 2019 and interim periods within those annual periods. Early adoption is permitted, but not earlier than annual and interim periods beginning after December 15, 2018. This amendment should be applied on a modified retrospective basis with a cumulative effect adjustment to retained earnings as of the beginning of the period of adoption. The Company is currently evaluating the impact on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which amends the existing accounting standards for leases. Under the new lease standard, lessees will recognize a right-of-use asset and a lease liability for virtually all leases (other than short-term leases). Lessor accounting is largely unchanged. The ASU is effective for annual periods beginning after

December 15, 2018 and interim periods within those annual periods. Early adoption is permitted. This ASU requires leases to be recognized and measured at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently evaluating the impact on its financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The amendment in this ASU addresses the recognition, measurement, presentation and disclosure of financial instruments. The ASU is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. This amendment is applied with a cumulative effect adjustment as of the beginning of the period of adoption. The Company is currently evaluating the impact on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This ASU amends the existing accounting standards for revenue recognition. Under the new revenue recognition model, a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The FASB has subsequently issued several related ASUs to clarify the implementation guidance in ASU 2014-09. This standard may be applied retrospectively to each prior period presented or modified retrospectively with a cumulative effect recognized as of the date of initial application. The Company expects to adopt this ASU in January 2018 on a modified retrospective basis, with the cumulative effect adjustment recognized into retained earnings as of January 1, 2018. The impact of adopting this ASU is not expected to have a significant impact on the Company’s financial statements as leases and financial instruments, which comprise a majority of the Company’s revenue, are excluded from the scope of this guidance. The Company will continue to evaluate the new standard, including any new interpretive guidance, and any related impact to its financial statements.

The Company adopted the following standard effective January 1, 2017, which did not have a material impact on the Company’s financial statements.

| **STANDARD** | **DESCRIPTION** |
|---|---|
| 2015-11 | *Inventory (Topic 330): Simplifying the Measurement of Inventory.* |

| Finance and Other Receivables | 3 Months Ended |
|---|---|
| | Mar. 31, 2017 |

**Receivables [Abstract]**

Finance and Other Receivables

**NOTE B - Finance and Other Receivables**

The Company’s finance and other receivables include the following:

| | March 31 2017 | December 31 2016 |
|---|---|---|
| Retail loans | **$2,878.4** | $2,948.6 |
| Retail direct financing leases | **1,582.9** | 1,644.7 |
| Dealer wholesale financing | **780.2** | 760.3 |
| Dealer master notes | **24.3** | 23.8 |
| Operating lease receivables and other | **69.3** | 65.9 |
| Unearned interest on finance leases | **(140.5 )** | (149.0 ) |
| | **5,194.6** | 5,294.3 |
| Less allowance for credit losses: | | |
| Loans and leases | **(55.2 )** | (56.3 ) |
| Dealer wholesale financing | **(2.0 )** | (2.0 ) |
| Operating lease receivables and other | **(1.1 )** | (1.1 ) |
| | **$5,136.3** | $5,234.9 |

Recognition of interest income and rental revenue is suspended (put on non-accrual status) when the receivable becomes more than 90 days past the contractual due date or earlier if some other event causes the Company to determine that collection is not probable. Accordingly, no finance receivables more than 90 days past due were accruing interest at March 31, 2017 or December 31, 2016. Recognition is resumed if the receivable becomes current by the payment of all amounts due under the terms of the existing contract and collection of remaining amounts is considered probable (if not contractually modified) or if the customer makes scheduled payments for three months and collection of remaining amounts is considered probable (if contractually modified). Payments received while the finance receivable is on non-accrual status are applied to interest and principal in accordance with the contractual terms.

**Allowance for Credit Losses**

The Company continuously monitors the payment performance of its finance receivables. For large retail finance customers and dealers with wholesale financing, the Company regularly reviews their financial statements and makes site visits and phone contact as appropriate. If the Company becomes aware of circumstances that could cause those customers or dealers to face financial difficulty, whether or not they are past due, the customers are placed on a watch list.

The Company modifies loans and finance leases in the normal course of its operations. The Company may modify loans and finance leases for commercial reasons or for credit reasons. Modifications for commercial reasons are changes to contract terms for customers that are not considered to be in financial difficulty. Insignificant delays are modifications extending terms up to three months for customers experiencing some short-term financial stress but not considered to be in financial difficulty. Modifications for credit reasons are changes to contract terms for customers considered to be in financial difficulty. The Company’s modifications typically result in granting more time to pay the contractual amounts owed and charging a fee and interest for the term of the modification.

When considering whether to modify customer accounts for credit reasons, the Company evaluates the creditworthiness of the customers and modifies those accounts that the Company considers likely to perform under the modified terms. When the Company modifies loans and finance leases for credit reasons and grants a concession, the modifications are classified as troubled debt restructurings (TDR). The Company does not typically grant credit modifications for customers that do not meet minimum underwriting standards since the Company normally repossesses the financed equipment in these circumstances. When such modifications do occur, they are considered TDRs.

On average, modifications extended contractual terms by approximately two months in 2017 and three months in 2016, and did not have a significant effect on the weighted average term or interest rate of the total portfolio at March 31, 2017 or December 31, 2016.

The Company has developed a systematic methodology for determining the allowance for credit losses for its two portfolio segments, retail and wholesale. The retail segment consists of retail loans and direct finance leases, net of unearned interest. The wholesale segment consists of truck inventory financing loans to dealers that are collateralized by trucks and other collateral. The wholesale segment generally has less risk than the retail segment. Wholesale receivables generally are shorter in duration than retail receivables, and the Company requires periodic reporting of the wholesale dealer's financial condition, conducts periodic audits of the trucks being financed and, in many cases, obtains guarantees or other security such as dealership assets. In determining the allowance for credit losses, retail loans and finance leases are evaluated together since they relate to a similar customer base, their contractual terms require regular payment of principal and interest, generally over 36 to 60 months, and they are secured by the same type of collateral. The allowance for credit losses consists of both specific and general reserves.

The Company individually evaluates certain finance receivables for impairment. Finance receivables that are evaluated individually for impairment consist of all wholesale accounts and certain large retail accounts with past due balances or otherwise determined to be at a higher risk of loss. A finance receivable is impaired if it is considered probable the Company will be unable to collect all contractual interest and principal payments as scheduled. In addition, all retail loans and leases which have been classified as TDRs and all customer accounts over 90 days past due are considered impaired. Generally, impaired accounts are on non-accrual status. Impaired accounts classified as TDRs which have been performing for 90 consecutive days are placed on accrual status if it is deemed probable that the Company will collect all principal and interest payments.

Impaired receivables are generally considered collateral dependent. Large balance retail and all wholesale impaired receivables are individually evaluated to determine the appropriate reserve for losses. The determination of reserves for large balance impaired receivables considers the fair value of the associated collateral. When the underlying collateral fair value exceeds the Company's recorded investment, no reserve is recorded. Small balance impaired receivables with similar risk characteristics are evaluated as a separate pool to determine the appropriate reserve for losses using the historical loss information discussed below.

The Company evaluates finance receivables that are not individually impaired on a collective basis and determines the general allowance for credit losses for both retail and wholesale receivables based on historical loss information, using past due account data and current market conditions. Information used includes assumptions regarding the likelihood of collecting current and past due accounts, repossession rates, the recovery rate on the underlying collateral based on used truck values and other pledged collateral or recourse.

The Company has developed a range of loss estimates for its portfolio based on historical experience, taking into account loss frequency and severity in both strong and weak truck market conditions. A projection is made of the range of estimated credit losses inherent in the portfolio from which an amount is determined as probable based on current market conditions and other factors impacting the creditworthiness of the Company's borrowers and their ability to repay. After determining the appropriate level of the allowance for credit losses, a provision for losses on finance receivables is charged to income as necessary to reflect management's estimate of incurred credit losses, net of recoveries, inherent in the portfolio.
In determining the fair value of the collateral, the Company uses a pricing matrix and categorizes the fair value as Level 2 in the hierarchy of fair value measurement. The pricing matrix is

reviewed quarterly and updated as appropriate. The pricing matrix considers the make, model and year of the equipment as well as recent sales prices of comparable equipment sold individually, which is the lowest unit of account, through wholesale channels to the Company's dealers (principal market). The fair value of the collateral also considers the overall condition of the equipment.

Accounts are charged off against the allowance for credit losses when, in the judgment of management, they are considered uncollectible, which generally occurs upon repossession of the collateral. Typically the timing between the repossession and charge-off is not significant. In cases where repossession is delayed (e.g., for legal proceedings), the Company records a partial charge-off. The charge-off is determined by comparing the fair value of the collateral, less cost to sell, to the recorded investment.

For the following credit quality disclosures, finance receivables are classified into two portfolio segments, wholesale and retail. The retail portfolio is further segmented into dealer retail and customer retail. The dealer wholesale segment consists of truck inventory financing to PACCAR dealers. The dealer retail segment consists of loans and leases to participating dealers and franchises that use the proceeds to fund customers' acquisition of commercial vehicles and related equipment. The customer retail segment consists of loans and leases directly to customers for the acquisition of commercial vehicles and related equipment. Customer retail receivables are further segregated between fleet and owner/operator classes. The fleet class consists of retail accounts of customers operating more than five trucks. All other customer retail accounts are considered owner/operator. These two classes have similar measurement attributes, risk characteristics and common methods to monitor and assess credit risk.

The allowance for credit losses is summarized as follows:

| | **2017** | | | | |
|---|---|---|---|---|---|
| | **Dealer** | | **Customer** | | |
| | **Wholesale** | **Retail** | **Retail** | **Other*** | **Total** |
| **Balance at January 1** | **$ 2.0** | **$8.5** | **$ 47.8** | **$ 1.1** | **$59.4** |
| **(Benefit) provision for losses** | | **(.3 )** | **3.3** | | **3.0** |
| **Charge-offs** | | | **(4.6 )** | | **(4.6 )** |
| **Recoveries** | | | **.5** | | **.5** |
| **Balance at March 31** | **$ 2.0** | **$8.2** | **$ 47.0** | **$ 1.1** | **$58.3** |

| | 2016 | | | | |
|---|---|---|---|---|---|
| | Dealer | | Customer | | |
| | Wholesale | Retail | Retail | Other* | Total |
| Balance at January 1 | $ 2.7 | $9.2 | $ 46.3 | $ 1.1 | $59.3 |
| (Benefit) provision for losses | (.1 ) | (.4 ) | 1.8 | .6 | 1.9 |
| Charge-offs | | | (4.0 ) | (.3 ) | (4.3 ) |
| Recoveries | | | .5 | | .5 |
| Balance at March 31 | $ 2.6 | $8.8 | $ 44.6 | $ 1.4 | $57.4 |

* Operating lease and other trade receivables

Information regarding finance receivables evaluated and the associated allowances determined individually and collectively is as follows:

| | **Dealer** | | **Customer** | |
|---|---|---|---|---|
| **At March 31, 2017** | **Wholesale** | **Retail** | **Retail** | **Total** |
| **Recorded investment for impaired finance receivables evaluated individually** | | | **$32.9** | **$32.9** |
| **Allowance for impaired finance receivables determined individually** | | | **$2.9** | **$2.9** |
| **Recorded investment for finance receivables evaluated collectively** | **$ 780.2** | **$1,185.9** | **$3,126.3** | **$5,092.4** |

| | | | | |
|---|---|---|---|---|
| **Allowance for finance receivables determined collectively** | **$ 2.0** | **$8.2** | **$44.1** | **$54.3** |

| At December 31, 2016 | Dealer Wholesale | Dealer Retail | Customer Retail | Total |
|---|---|---|---|---|
| Recorded investment for impaired finance receivables evaluated individually | | | $31.4 | $31.4 |
| Allowance for impaired finance receivables determined individually | | | $2.5 | $2.5 |
| Recorded investment for finance receivables evaluated collectively | $ 760.3 | $1,248.7 | $3,188.0 | $5,197.0 |
| Allowance for finance receivables determined collectively | $ 2.0 | $8.5 | $45.3 | $55.8 |

The recorded investment for finance receivables that are on non-accrual status is as follows:

| | **March 31 2017** | December 31 2016 |
|---|---|---|
| Fleet | **$ 30.2** | $ 29.9 |
| Owner/operator | **2.7** | 1.5 |
| | **$ 32.9** | $ 31.4 |

**Impaired Loans**

Impaired loans are summarized below. The impaired loans with a specific reserve represent the unpaid principal balance. The recorded investment of impaired loans as of March 31, 2017 and December 31, 2016 was not significantly different than the unpaid principal balance.

| **At March 31, 2017** | **Dealer Wholesale** | **Dealer Retail** | **Customer Retail Fleet** | **Customer Retail Owner/ Operator** | **Total** |
|---|---|---|---|---|---|
| **Impaired loans with a specific reserve** | | | **$13.3** | **$ 1.8** | **$15.1** |
| **Associated allowance** | | | **(2.0)** | **(.4 )** | **(2.4)** |
| **Net carrying amount of impaired loans with a specific reserve** | | | **11.3** | **1.4** | **12.7** |
| **Impaired loans with no specific reserve** | | | **8.1** | **.2** | **8.3** |
| **Net carrying amount of impaired loans** | | | **$19.4** | **$ 1.6** | **$21.0** |
| **Average recorded investment for impaired loans*** | | | **$17.9** | **$ 1.7** | **$19.6** |

* Represents the average during the 12 months ended March 31, 2017

| At December 31, 2016 | Dealer Wholesale | Dealer Retail | Customer Retail Fleet | Customer Retail Owner/ Operator | Total |
|---|---|---|---|---|---|
| Impaired loans with a specific reserve | | | $11.3 | $ 1.1 | $12.4 |
| Associated allowance | | | (1.9) | (.2 ) | (2.1) |
| Net carrying amount of impaired loans with a specific reserve | | | 9.4 | .9 | $10.3 |
| Impaired loans with no specific reserve | | | 10.0 | .2 | 10.2 |
| Net carrying amount of impaired loans | | | $19.4 | $ 1.1 | $20.5 |
| Average recorded investment for impaired loans* | | | $17.3 | $ 1.7 | $19.0 |

* Represents the average during the 12 months ended March 31, 2016

During the period the loans above were considered impaired, interest income recognized on a cash basis was as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Fleet | **$ .3** | $ .2 |
| Owner/operator | | .1 |
| | **$ .3** | $ .3 |

**Credit Quality**

The Company's customers are principally concentrated in the transportation industry in the United States. The Company's portfolio assets are diversified over a large number of customers and dealers with no single customer or dealer balance representing over 10% of the total portfolio assets as of March 31, 2017 or December 31, 2016. The Company retains as collateral a security interest in the related equipment.

At the inception of each contract, the Company considers the credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit-rating agency ratings, loan-to-value ratios and other internal metrics. On an ongoing basis, the Company monitors credit quality based on past due status and collection experience as there is a meaningful correlation between the past due status of customers and the risk of loss.

The Company has three credit quality indicators: performing, watch and at-risk. Performing accounts pay in accordance with the contractual terms and are not considered high-risk. Watch accounts include accounts 31 to 90 days past due and large accounts that are performing but are considered to be high-risk. Watch accounts are not impaired. At-risk accounts are accounts that are impaired, including TDRs, accounts over 90 days past due and other accounts on non-accrual status.

The tables below summarize the Company's finance receivables by credit quality indicator and portfolio class.

| | **Dealer** | | **Customer Retail** | | |
|---|---|---|---|---|---|
| **At March 31, 2017** | **Wholesale** | **Retail** | **Fleet** | **Owner/ Operator** | **Total** |
| **Performing** | **$ 780.2** | **$1,185.9** | **$2,701.8** | **$413.7** | **$5,081.6** |
| **Watch** | | | **10.1** | **.7** | **10.8** |
| **At-risk** | | | **30.2** | **2.7** | **32.9** |
| | **$ 780.2** | **$1,185.9** | **$2,742.1** | **$417.1** | **$5,125.3** |

| | Dealer | | Customer Retail | | |
|---|---|---|---|---|---|
| At December 31, 2016 | Wholesale | Retail | Fleet | Owner/ Operator | Total |
| Performing | $ 757.4 | $1,248.7 | $2,761.9 | $421.0 | $5,189.0 |
| Watch | 2.9 | | 4.4 | .7 | 8.0 |
| At-risk | | | 30.0 | 1.4 | 31.4 |
| | $ 760.3 | $1,248.7 | $2,796.3 | $423.1 | $5,228.4 |

The tables below summarize the Company's finance receivables by aging category. In determining past due status, the Company considers the entire contractual account balance past due when any installment is over 30 days past due. Substantially all customer accounts that were greater than 30 days past due prior to credit modification became current upon modification for aging purposes.

| **Dealer** | **Customer Retail** |
|---|---|

| At March 31, 2017 | Wholesale | Retail | Fleet | Owner/ Operator | Total |
|---|---|---|---|---|---|
| **Current and up to 30 days past due** | **$ 780.2** | **$1,185.9** | **$2,735.4** | **$415.1** | **$5,116.6** |
| **31 – 60 days past due** | | | **3.0** | **1.1** | **4.1** |
| **Greater than 60 days past due** | | | **3.7** | **.9** | **4.6** |
| | **$ 780.2** | **$1,185.9** | **$2,742.1** | **$417.1** | **$5,125.3** |

| | Dealer | | Customer Retail | | |
|---|---|---|---|---|---|
| At December 31, 2016 | Wholesale | Retail | Fleet | Owner/ Operator | Total |
| Current and up to 30 days past due | $ 760.3 | $1,248.7 | $2,784.5 | $421.4 | $5,214.9 |
| 31 – 60 days past due | | | 5.8 | .9 | 6.7 |
| Greater than 60 days past due | | | 6.0 | .8 | 6.8 |
| | $ 760.3 | $1,248.7 | $2,796.3 | $423.1 | $5,228.4 |

**Troubled Debt Restructurings**

The balance of TDRs was $24.4 at March 31, 2017 and $18.1 at December 31, 2016. At modification date, the pre-modification and post-modification recorded investment balances for finance receivables modified during the periods by portfolio class are as follows:

| | **Three Months Ended March 31** | | | |
|---|---|---|---|---|
| | **2017** | | 2016 | |
| | **Recorded Investment** | | Recorded Investment | |
| | **Pre-Modification** | **Post-Modification** | Pre-Modification | Post-Modification |
| Fleet | **$ 8.8** | **$ 8.8** | $ 6.7 | $ 6.7 |
| Owner/operator | | | | |
| | **$ 8.8** | **$ 8.8** | $ 6.7 | $ 6.7 |

The effect on the allowance for credit losses from such modifications was not significant at March 31, 2017 and 2016.

The post-modification recorded investment of finance receivables modified as TDRs during the previous twelve months that subsequently defaulted (i.e. became more than 30 days past due) during the periods by portfolio class are as follows:

| | **Three Months Ended March 31** | |
|---|---|---|
| | **2017** | 2016 |
| Fleet | | |
| Owner/operator | | $ .1 |
| | | **$ .1** |

There were no finance receivables modified as TDRs during the last twelve months that subsequently defaulted in the three months ended March 31, 2017. During the three months ended March 31, 2016, the TDRs that subsequently defaulted did not significantly impact the Company's allowance for credit losses.

**Repossessions**

When the Company determines that a customer is not likely to meet its contractual commitments, the Company repossesses the vehicles which serve as collateral for the loans, finance leases and equipment under operating lease. The Company records the vehicles as used truck inventory included in Other assets on the Balance Sheets. The balance of repossessed units at March 31, 2017 and December 31, 2016 was $16.6 and $15.5, respectively.

Proceeds from sales of repossessed assets were $8.0 and $4.1 for the three months ended March 31, 2017 and 2016, respectively. These amounts are included in Proceeds from disposal of equipment on the Statements of Cash Flows. Write-downs of repossessed equipment on operating leases are recorded as impairments and included in Depreciation and other rental expenses on the Statements of Comprehensive Income and Retained Earnings.

| Transactions with PACCAR and Affiliates | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Related Party Transactions [Abstract]** | |
| Transactions with PACCAR and Affiliates | |

**NOTE C – Transactions with PACCAR and Affiliates**

The Company and PACCAR are parties to a Support Agreement that obligates PACCAR to provide, when required, financial assistance to the Company to ensure that the Company maintains a ratio of earnings to fixed charges (as defined in the Support Agreement) of at least 1.25 to 1 for any fiscal year. The required ratio for the three months ended March 31, 2017 and full year 2016 was met without assistance. The Support Agreement also requires PACCAR to own, directly or indirectly, all outstanding voting stock of the Company.

Periodically, the Company makes loans to, borrows from and has intercompany transactions with PACCAR. In addition, the Company periodically loans funds to certain foreign finance and leasing affiliates of PACCAR. These various affiliates have Support Agreements with PACCAR, similar to the Company's Support Agreement with PACCAR. The foreign affiliates operate in the United Kingdom, the Netherlands, Mexico, Canada and Australia. Loans to these foreign affiliates during 2017 and 2016 were denominated in United States dollars. The foreign affiliates primarily provide financing and leasing of PACCAR manufactured trucks and related equipment sold through the DAF, Kenworth and Peterbilt independent dealer networks in Europe, Mexico, Canada and Australia. The Company will not make aggregate loans to the foreign affiliates in excess of the equivalent of $500.0 U.S. dollars, unless the amount in excess of such limit is guaranteed by PACCAR. The Company periodically reviews the funding alternatives for these affiliates, and these limits may be revised in the future.
Amounts outstanding at March 31, 2017 and December 31, 2016, including balances with foreign finance affiliates operating in the United Kingdom, the Netherlands, Mexico, Canada and Australia, are summarized below:

| | **March 31 2017** | December 31 2016 |
|---|---|---|
| Due from PACCAR and affiliates | | |
| Loans due from PACCAR | **$723.0** | $756.5 |
| Loans due from foreign finance affiliates | **361.0** | 413.0 |
| Direct financing leases due from affiliate | **.6** | .5 |
| Tax-related receivable due from PACCAR | | 7.1 |
| Receivables | **39.2** | 88.4 |
| | **$1,123.8** | $1,265.5 |
| Due to PACCAR and affiliates | | |
| Tax-related payables due to PACCAR | **$14.4** | |
| Payables | **11.1** | 16.2 |
| | **$25.5** | $16.2 |

The Company is included in the consolidated federal income tax return of PACCAR. The tax-related receivable due from PACCAR and the tax-related payable due to PACCAR represent the related tax benefit or provision to be settled with PACCAR.

The Company provides direct financing leases to dealer locations operated by an affiliate of PACCAR.

PACCAR charges the Company for certain administrative services it provides. These costs were charged to the Company based upon the Company's specific use of the services and PACCAR's cost.

The Company’s principal office is located in the corporate headquarters building of PACCAR (owned by PACCAR). The Company also leases office space from another facility owned by PACCAR and four facilities leased by PACCAR. Lease payments for the use of these facilities are included in the above-mentioned administrative services charged by PACCAR.

The Company’s employees and PACCAR employees are covered by a defined benefit pension plan sponsored by PACCAR. The assets and liabilities of the plan are reflected on the balance sheets of PACCAR. PACCAR contributes to the plan and allocates the expenses to the Company based principally on the number of eligible plan participants. Expenses for the defined benefit pension plan are included in Selling, general and administrative expenses.

The Company’s employees and PACCAR employees are also covered by a defined contribution plan sponsored by PACCAR. Expenses incurred by the Company for the defined contribution plan benefits are based on the actual contribution made on behalf of the participating employees and are included in Selling, general and administrative expenses.

| Stockholder's Equity | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Equity [Abstract]** | |
| Stockholder's Equity | |

**NOTE D – Stockholder’s Equity**

**Preferred Stock**

The Company’s Articles of Incorporation provide that the 6% noncumulative, nonvoting preferred stock (100% owned by PACCAR) is redeemable only at the option of the Company’s Board of Directors.

**Comprehensive Income**

The components of comprehensive income are as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Net income | **$12.5** | $24.3 |
| Other comprehensive income (loss) | | |
| Derivative contracts increase (decrease) | **.6** | (2.7 ) |
| Total comprehensive income | **$13.1** | $ 21.6 |

**Accumulated Other Comprehensive Income**

Accumulated other comprehensive income (AOCI) of $.9 and $.3 at March 31, 2017 and December 31, 2016, respectively, is comprised of the unrealized net gain (loss) on derivative contracts, net of taxes. Changes in and reclassifications out of AOCI during the periods are as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Balance at beginning of period | **$.3** | $(1.4 ) |
| Amounts recorded in AOCI | | |
| Unrealized gain (loss) on derivative contracts | **.4** | (5.5 ) |
| Income tax effect | **(.1 )** | 2.1 |
| Amounts reclassified out of AOCI | | |
| Interest and other borrowing costs | **.5** | 1.1 |
| Income tax effect | **(.2 )** | (.4 ) |
| Net other comprehensive income (loss) | **.6** | (2.7 ) |
| Balance at end of period | **$ .9** | $ (4.1 ) |

| Fair Value Measurements | 3 Months Ended Mar. 31, 2017 |
|---|---|

**Fair Value Disclosures [Abstract]**

Fair Value Measurements

**NOTE E – Fair Value Measurements**

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs to valuation techniques used to measure fair value are either observable or unobservable. These inputs have been categorized into the fair value hierarchy described below:

Level 1 – Valuations are based on quoted prices that the Company has the ability to obtain in actively traded markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market or exchange traded market, valuation of these instruments does not require a significant degree of judgment.

Level 2 – Valuations are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuations are based on model-based techniques for which some or all of the assumptions are obtained from indirect market information that is significant to the overall fair value measurement and which require a significant degree of management judgment.

There were no transfers of assets or liabilities between Level 1 and Level 2 of the fair value hierarchy during the three months ended March 31, 2017. The Company's policy is to recognize transfers between levels at the end of the reporting period.

**Assets and Liabilities Subject to Non-recurring and Recurring Fair Value Measurement**

Impaired loans and used trucks held for sale are measured on a non-recurring basis. Derivative contracts are measured on a recurring basis. The Company's assets and liabilities subject to fair value measurements are as follows:

| Level 2 | March 31 2017 | December 31 2016 |
|---|---|---|
| Assets: | | |
| Impaired loans, net of specific reserves (2017 - $1.0 and 2016 - $1.0) | **$.2** | $1.9 |
| Used trucks held for sale | **104.5** | 100.4 |
| Derivative contracts | **2.0** | 2.4 |
| Liabilities: | | |
| Derivative contracts | **$5.3** | $4.1 |

The Company uses the following methods and assumptions to measure fair value for assets and liabilities subject to non-recurring and recurring fair value measurements.

*Impaired Loans:* Impaired loans that are individually evaluated are generally considered collateral dependent. Accordingly, the evaluation of individual reserves on such loans considers the fair value of the associated collateral (estimated sales proceeds less the costs to sell).

*Used Trucks Held for Sale:* The carrying amount of used trucks held for sale is written down as necessary to reflect the fair value less costs to sell. The Company determines the fair value of used trucks from a pricing matrix, which is based on the market approach. The significant observable inputs into the valuation model are recent sales prices of comparable units and the condition of the vehicles. Used truck impairments related to units held at March 31, 2017 and 2016 were $9.0 and $2.0 during the first three months of 2017 and 2016, respectively. These assets, which are shown in the above table when they are written down to fair value less costs to sell, are categorized as Level 2 and are included in Other assets on the Balance Sheets.

*Derivative Financial Instruments:* The Company's derivative financial instruments consist of interest-rate swaps and are carried at fair value. These derivative contracts are traded over the counter and their fair value is determined using industry standard valuation models, which are based on the income approach (i.e., discounted cash flows). The significant observable inputs into the valuation models include interest rates, yield curves and credit default swap spreads. These contracts are categorized as Level 2 and are included in Other assets and Accounts payable, accrued expenses and other on the Balance Sheets.

**Fair Value Disclosure of Other Financial Instruments**

For financial instruments that are not recognized at fair value, the Company uses the following methods and assumptions to determine the fair value. These instruments are categorized as Level 2, except cash which is categorized as Level 1 and fixed rate loans which are categorized as Level 3.

*Cash:* Carrying amounts approximate fair value.

*Net Receivables:* For floating rate loans, dealer wholesale financings and operating lease and other trade receivables, carrying values approximate fair values. For fixed rate loans, fair values are estimated using the income approach by discounting cash flows to their present value based on current rates for comparable loans. Finance lease receivables and related allowance for credit losses have been excluded from the accompanying table.

*Commercial Paper and Medium-Term Notes:* The carrying amounts of the Company's commercial paper and variable medium-term notes approximate fair value. For fixed rate debt, fair values are estimated using the income approach by discounting cash flows to their present value based on current rates for comparable debt.

The Company's estimate of fair value for fixed rate loans and debt that are not carried at fair value was as follows:

| | **March 31 2017** | | December 31 2016 | |
|---|---|---|---|---|
| | **Carrying Amount** | **Fair Value** | Carrying Amount | Fair Value |
| Assets: | | | | |
| Due from PACCAR | **$673.0** | **$672.0** | $648.0 | $648.4 |
| Due from foreign finance affiliates | **172.0** | **172.7** | 218.0 | 219.4 |
| Fixed rate loans | **2,727.1** | **2,747.5** | 2,796.0 | 2,816.2 |
| Liabilities: | | | | |
| Fixed rate debt | **$4,091.3** | **$4,078.0** | $4,193.1 | $4,191.4 |

| Derivative Financial Instruments | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Derivative Instruments and Hedging Activities Disclosure [Abstract]** | |
| Derivative Financial Instruments | **NOTE F – Derivative Financial Instruments** |

Interest-rate contracts involve the exchange of fixed for floating rate or floating for fixed rate interest payments based on the contractual notional amounts in a single currency. The Company is exposed to interest rate risk caused by market volatility as a result of its borrowing activities. The objective of these contracts is to mitigate the fluctuations on earnings, cash flows and fair value of borrowings. Net amounts paid or received are reflected as adjustments to interest expense.

At March 31, 2017, the notional amount of these contracts totaled $1,103.6 with amounts expiring over the next four years. Notional maturities for all interest-rate contracts are $130.0 for the remainder of 2017, $460.0 for 2018, $326.0 for 2019, $125.0 for 2020, $62.6 for 2021. The notional amount is used to measure the volume of these contracts and does not represent exposure to credit loss.

The following table presents the balance sheet classification, fair value and gross and net amounts of derivative financial instruments:

| | **March 31 2017** | | December 31 2016 | |
|---|---|---|---|---|
| Interest-rate contracts: | **Assets** | **Liabilities** | Assets | Liabilities |
| Other assets | **$2.0** | | $2.4 | |
| Accounts payable, accrued expenses and other | | **$5.3** | | $4.1 |
| Gross amounts recognized in Balance Sheets | **2.0** | **5.3** | 2.4 | 4.1 |
| Less amounts not offset in financial instruments | **(.7)** | **(.7)** | (.6) | (.6) |
| Pro-forma net amount | **$1.3** | **$4.6** | $1.8 | $3.5 |

All of the Company’s interest-rate contracts are transacted under International Swaps and Derivatives Association (ISDA) master agreements. Each agreement permits the net settlement of amounts owed in the event of default and certain other termination events.

The Company has elected not to offset derivative positions in the balance sheet with the same counterparty under the same agreements and is not required to post or receive collateral. Exposure limits and minimum credit ratings are used to minimize the risks of counterparty default. The Company’s maximum exposure to potential default of its swap counterparties is limited to the asset position of its swap portfolio. The asset position of the Company’s swap portfolio was $2.0 and $2.4 at March 31, 2017 and December 31, 2016, respectively.

The Company uses regression analysis to assess effectiveness of interest-rate contracts on a quarterly basis. All components of the derivative instrument’s gain or loss are included in the assessment of hedge effectiveness. Gains or losses on the ineffective portion of cash flow hedges are recognized in current earnings and were immaterial for the three months ended March 31, 2017 and 2016. Hedge accounting is discontinued prospectively when the Company determines that a derivative financial instrument has ceased to be a highly effective hedge.

### Cash Flow Hedges

Certain of the Company's interest-rate contracts have been designated as cash flow hedges. Changes in the fair value of derivatives designated as cash flow hedges are recorded in AOCI to the extent such hedges are considered effective. The maximum length of time over which the Company is hedging its exposure to the variability in future cash flows is four years.

Amounts in AOCI are reclassified into net income in the same period in which the hedged transaction affects earnings. The amount of loss recorded in AOCI at March 31, 2017 that is estimated to be reclassified to interest expense in the following 12 months if interest rates remain unchanged is approximately $.3, net of taxes. The fixed interest earned on finance receivables will offset the amount recognized in interest expense, resulting in a stable interest margin consistent with the Company's interest rate risk management strategy.

### Fair Value Hedges

Changes in the fair value of derivatives designated as fair value hedges are recorded in earnings together with the changes in fair value of the hedged item attributable to the risk being hedged. The expense or (income) recognized in earnings related to fair value hedges was included in Interest and other borrowing costs as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | **2016** |
| Interest-rate swaps | **$ 1.3** | $ (2.0 ) |
| Term notes | **$ (1.3 )** | $ 1.6 |

| Income Taxes | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Income Tax Disclosure [Abstract]** | |
| Income Taxes | **NOTE G – Income Taxes**<br>The effective income tax rate for the first quarter of 2017 was 37.5% compared to 36.6% for the first quarter of 2016, reflecting higher state tax expense in 2017 compared to 2016.<br><br>The Company is included in the consolidated federal income tax return of PACCAR. Federal income taxes for the Company are determined on a separate return basis. State income taxes, where the Company files combined tax returns with PACCAR, are determined on a blended statutory rate, which is substantially the same as the rate computed on a separate return basis. |

## Accounting Policies (Policies)

| | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Receivables [Abstract]** | |
| Finance Receivables | |
| Allowance for Credit Losses | **Allowance for Credit Losses** |

**Allowance for Credit Losses**

The Company continuously monitors the payment performance of its finance receivables. For large retail finance customers and dealers with wholesale financing, the Company regularly reviews their financial statements and makes site visits and phone contact as appropriate. If the Company becomes aware of circumstances that could cause those customers or dealers to face financial difficulty, whether or not they are past due, the customers are placed on a watch list.

The Company modifies loans and finance leases in the normal course of its operations. The Company may modify loans and finance leases for commercial reasons or for credit reasons. Modifications for commercial reasons are changes to contract terms for customers that are not considered to be in financial difficulty. Insignificant delays are modifications extending terms up to three months for customers experiencing some short-term financial stress but not considered to be in financial difficulty. Modifications for credit reasons are changes to contract terms for customers considered to be in financial difficulty. The Company's modifications typically result in granting more time to pay the contractual amounts owed and charging a fee and interest for the term of the modification.

When considering whether to modify customer accounts for credit reasons, the Company evaluates the creditworthiness of the customers and modifies those accounts that the Company considers likely to perform under the modified terms. When the Company modifies loans and finance leases for credit reasons and grants a concession, the modifications are classified as troubled debt restructurings (TDR). The Company does not typically grant credit modifications for customers that do not meet minimum underwriting standards since the Company normally repossesses the financed equipment in these circumstances. When such modifications do occur, they are considered TDRs.

On average, modifications extended contractual terms by approximately two months in 2017 and three months in 2016, and did not have a significant effect on the weighted average term or interest rate of the total portfolio at March 31, 2017 or December 31, 2016.

The Company has developed a systematic methodology for determining the allowance for credit losses for its two portfolio segments, retail and wholesale. The retail segment consists of retail loans and direct finance leases, net of unearned interest. The wholesale segment consists of truck inventory financing loans to dealers that are collateralized by trucks and other collateral. The wholesale segment generally has less risk than the retail segment. Wholesale receivables generally are shorter in duration than retail receivables, and the Company requires periodic reporting of the wholesale dealer's financial condition, conducts periodic audits of the trucks being financed and, in many cases, obtains guarantees or other security such as dealership assets. In determining the allowance for credit losses, retail loans and finance leases are evaluated together since they relate to a similar customer base, their contractual terms require regular payment of principal and interest, generally over 36 to 60 months, and they are secured by the same type of collateral. The allowance for credit losses consists of both specific and general reserves.

The Company individually evaluates certain finance receivables for impairment. Finance receivables that are evaluated individually for impairment consist of all wholesale accounts and certain large retail accounts with past due balances or otherwise determined to be at a higher risk of loss. A finance receivable is impaired if it is considered probable the Company will be unable to collect all contractual interest and principal payments as scheduled. In addition, all retail loans and leases which have been classified as TDRs and all customer accounts over 90 days past due are considered impaired. Generally, impaired accounts are on non-accrual status. Impaired accounts classified as TDRs which have been performing for 90 consecutive days are placed on accrual status if it is deemed probable that the Company will collect all principal and interest payments.

Impaired receivables are generally considered collateral dependent. Large balance retail and all wholesale impaired receivables are individually evaluated to determine the appropriate reserve for losses. The determination of reserves for large balance impaired receivables considers the fair value of the associated collateral. When the underlying collateral fair value exceeds the Company's recorded investment, no reserve is recorded. Small balance impaired receivables with similar risk characteristics are evaluated as a separate pool to determine the appropriate reserve for losses using the historical loss information discussed below.

The Company evaluates finance receivables that are not individually impaired on a collective basis and determines the general allowance for credit losses for both retail and wholesale receivables based on historical loss information, using past due account data and current market conditions. Information used includes assumptions regarding the likelihood of collecting current and past due accounts, repossession rates, the recovery rate on the underlying collateral based on used truck values and other pledged collateral or recourse.

The Company has developed a range of loss estimates for its portfolio based on historical experience, taking into account loss frequency and severity in both strong and weak truck market conditions. A projection is made of the range of estimated credit losses inherent in the portfolio from which an amount is determined as probable based on current market conditions and other factors impacting the creditworthiness of the Company's borrowers and their ability to repay. After determining the appropriate level of the allowance for credit losses, a provision for losses on finance receivables is charged to income as necessary to reflect management's estimate of incurred credit losses, net of recoveries, inherent in the portfolio.
In determining the fair value of the collateral, the Company uses a pricing matrix and categorizes the fair value as Level 2 in the hierarchy of fair value measurement. The pricing matrix is reviewed quarterly and updated as appropriate. The pricing matrix considers the make, model and year of the equipment as well as recent sales prices of comparable equipment sold individually, which is the lowest unit of account, through wholesale channels to the Company's dealers (principal market). The fair value of the collateral also considers the overall condition of the equipment.

Accounts are charged off against the allowance for credit losses when, in the judgment of management, they are considered uncollectible, which generally occurs upon repossession of the collateral. Typically the timing between the repossession and charge-off is not significant. In cases where repossession is delayed (e.g., for legal proceedings), the Company records a partial charge-off. The charge-off is determined by comparing the fair value of the collateral, less cost to sell, to the recorded investment.

| Basis of Presentation (Tables) | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Organization, Consolidation and Presentation of Financial Statements [Abstract]** | |
| FASB Issued Standards | The Company adopted the following standard effective January 1, 2017, which did not have a material impact on the Company's financial statements.<br><br>**STANDARD** — **DESCRIPTION**<br>2015-11 — *Inventory (Topic 330): Simplifying the Measurement of Inventory.* |

| Finance and Other Receivables (Tables) | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Receivables [Abstract]** | |
| Finance and Other Receivables | The Company's finance and other receivables include the following: |

| | March 31 2017 | December 31 2016 |
|---|---|---|
| Retail loans | **$2,878.4** | $2,948.6 |
| Retail direct financing leases | **1,582.9** | 1,644.7 |
| Dealer wholesale financing | **780.2** | 760.3 |
| Dealer master notes | **24.3** | 23.8 |
| Operating lease receivables and other | **69.3** | 65.9 |
| Unearned interest on finance leases | **(140.5)** | (149.0) |
| | **5,194.6** | 5,294.3 |
| Less allowance for credit losses: | | |
| Loans and leases | **(55.2)** | (56.3) |
| Dealer wholesale financing | **(2.0)** | (2.0) |
| Operating lease receivables and other | **(1.1)** | (1.1) |
| | **$5,136.3** | $5,234.9 |

Allowance for Credit Losses

The allowance for credit losses is summarized as follows:

| | 2017 | | | | |
|---|---|---|---|---|---|
| | Dealer | | Customer | | |
| | Wholesale | Retail | Retail | Other* | Total |
| **Balance at January 1** | **$2.0** | **$8.5** | **$47.8** | **$1.1** | **$59.4** |
| **(Benefit) provision for losses** | | **(.3)** | **3.3** | | **3.0** |
| **Charge-offs** | | | **(4.6)** | | **(4.6)** |
| **Recoveries** | | | **.5** | | **.5** |
| **Balance at March 31** | **$2.0** | **$8.2** | **$47.0** | **$1.1** | **$58.3** |

| | 2016 | | | | |
|---|---|---|---|---|---|
| | Dealer | | Customer | | |
| | Wholesale | Retail | Retail | Other* | Total |
| Balance at January 1 | $2.7 | $9.2 | $46.3 | $1.1 | $59.3 |
| (Benefit) provision for losses | (.1) | (.4) | 1.8 | .6 | 1.9 |
| Charge-offs | | | (4.0) | (.3) | (4.3) |
| Recoveries | | | .5 | | .5 |
| Balance at March 31 | $2.6 | $8.8 | $44.6 | $1.4 | $57.4 |

* Operating lease and other trade receivables

Finance Receivables Evaluated and the Associated Allowances Determined Individually and Collectively

Information regarding finance receivables evaluated and the associated allowances determined individually and collectively is as follows:

| | Dealer | | Customer | |
|---|---|---|---|---|
| **At March 31, 2017** | **Wholesale** | **Retail** | **Retail** | **Total** |
| **Recorded investment for impaired finance receivables evaluated individually** | | | **$32.9** | **$32.9** |
| **Allowance for impaired finance receivables determined individually** | | | **$2.9** | **$2.9** |

| | | | | |
|---|---|---|---|---|
| **Recorded investment for finance receivables evaluated collectively** | **$780.2** | **$1,185.9** | **$3,126.3** | **$5,092.4** |
| **Allowance for finance receivables determined collectively** | **$2.0** | **$8.2** | **$44.1** | **$54.3** |

| | Dealer | | Customer | |
|---|---|---|---|---|
| At December 31, 2016 | Wholesale | Retail | Retail | Total |
| Recorded investment for impaired finance receivables evaluated individually | | | $31.4 | $31.4 |
| Allowance for impaired finance receivables determined individually | | | $2.5 | $2.5 |
| Recorded investment for finance receivables evaluated collectively | $760.3 | $1,248.7 | $3,188.0 | $5,197.0 |
| Allowance for finance receivables determined collectively | $2.0 | $8.5 | $45.3 | $55.8 |

Recorded Investment for Finance Receivables that are on Non-accrual Status

The recorded investment for finance receivables that are on non-accrual status is as follows:

| | **March 31 2017** | December 31 2016 |
|---|---|---|
| Fleet | **$30.2** | $29.9 |
| Owner/operator | **2.7** | 1.5 |
| | **$32.9** | $31.4 |

Impaired Loans and Specific Reserve

Impaired loans are summarized below. The impaired loans with a specific reserve represent the unpaid principal balance. The recorded investment of impaired loans as of March 31, 2017 and December 31, 2016 was not significantly different than the unpaid principal balance.

| | **Dealer** | | **Customer Retail** | | |
|---|---|---|---|---|---|
| **At March 31, 2017** | **Wholesale** | **Retail** | **Fleet** | **Owner/ Operator** | **Total** |
| **Impaired loans with a specific reserve** | | | **$13.3** | **$1.8** | **$15.1** |
| **Associated allowance** | | | **(2.0)** | **(.4)** | **(2.4)** |
| **Net carrying amount of impaired loans with a specific reserve** | | | **11.3** | **1.4** | **12.7** |
| **Impaired loans with no specific reserve** | | | **8.1** | **.2** | **8.3** |
| **Net carrying amount of impaired loans** | | | **$19.4** | **$1.6** | **$21.0** |

| | | | | | |
|---|---|---|---|---|---|
| **Average recorded investment for impaired loans*** | | | **$17.9** | **$1.7** | **$19.6** |

* Represents the average during the 12 months ended March 31, 2017

| | Dealer | | Customer Retail | | |
|---|---|---|---|---|---|
| At December 31, 2016 | Wholesale | Retail | Fleet | Owner/ Operator | Total |
| Impaired loans with a specific reserve | | | $11.3 | $1.1 | $12.4 |
| Associated allowance | | | (1.9) | (.2) | (2.1) |
| Net carrying amount of impaired loans with a specific reserve | | | 9.4 | .9 | $10.3 |
| Impaired loans with no specific reserve | | | 10.0 | .2 | 10.2 |
| Net carrying amount of impaired loans | | | $19.4 | $1.1 | $20.5 |
| Average recorded investment for impaired loans* | | | $17.3 | $1.7 | $19.0 |

* Represents the average during the 12 months ended March 31, 2016

### Interest Income Recognized on Cash Basis

During the period the loans above were considered impaired, interest income recognized on a cash basis was as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Fleet | **$ .3** | $ .2 |
| Owner/operator | | .1 |
| | **$.3** | $.3 |

### Finance Receivables by Credit Quality Indicator and Portfolio Class

The tables below summarize the Company's finance receivables by credit quality indicator and portfolio class.

| | **Dealer** | | **Customer Retail** | | |
|---|---|---|---|---|---|
| **At March 31, 2017** | **Wholesale** | **Retail** | **Fleet** | **Owner/ Operator** | **Total** |
| **Performing** | **$780.2** | **$1,185.9** | **$2,701.8** | **$413.7** | **$5,081.6** |
| **Watch** | | | **10.1** | **.7** | **10.8** |
| **At-risk** | | | **30.2** | **2.7** | **32.9** |
| | **$780.2** | **$1,185.9** | **$2,742.1** | **$417.1** | **$5,125.3** |

| | Dealer | | Customer Retail | | |
|---|---|---|---|---|---|
| At December 31, 2016 | Wholesale | Retail | Fleet | Owner/ Operator | Total |

| | | | | | |
|---|---|---|---|---|---|
| Performing | $757.4 | $1,248.7 | $2,761.9 | $421.0 | $5,189.0 |
| Watch | 2.9 | | 4.4 | .7 | 8.0 |
| At-risk | | | 30.0 | 1.4 | 31.4 |
| | $760.3 | $1,248.7 | $2,796.3 | $423.1 | $5,228.4 |

Financing Receivables by Aging Category

The tables below summarize the Company's finance receivables by aging category. In determining past due status, the Company considers the entire contractual account balance past due when any installment is over 30 days past due. Substantially all customer accounts that were greater than 30 days past due prior to credit modification became current upon modification for aging purposes.

| | **Dealer** | | **Customer Retail** | | |
|---|---|---|---|---|---|
| **At March 31, 2017** | **Wholesale** | **Retail** | **Fleet** | **Owner/ Operator** | **Total** |
| **Current and up to 30 days past due** | **$780.2** | **$1,185.9** | **$2,735.4** | **$415.1** | **$5,116.6** |
| **31 – 60 days past due** | | | **3.0** | **1.1** | **4.1** |
| **Greater than 60 days past due** | | | **3.7** | **.9** | **4.6** |
| | **$780.2** | **$1,185.9** | **$2,742.1** | **$417.1** | **$5,125.3** |

| | Dealer | | Customer Retail | | |
|---|---|---|---|---|---|
| At December 31, 2016 | Wholesale | Retail | Fleet | Owner/ Operator | Total |
| Current and up to 30 days past due | $760.3 | $1,248.7 | $2,784.5 | $421.4 | $5,214.9 |
| 31 – 60 days past due | | | 5.8 | .9 | 6.7 |
| Greater than 60 days past due | | | 6.0 | .8 | 6.8 |
| | $760.3 | $1,248.7 | $2,796.3 | $423.1 | $5,228.4 |

Pre-Modification and Post-Modification Recorded Investment Balances by Portfolio Class

At modification date, the pre-modification and post-modification recorded investment balances for finance receivables modified during the periods by portfolio class are as follows:

| | **Three Months Ended March 31** | | | |
|---|---|---|---|---|
| | **2017** | | 2016 | |
| | **Recorded Investment** | | Recorded Investment | |
| | **Pre-Modification** | **Post-Modification** | Pre-Modification | Post-Modification |
| Fleet | **$ 8.8** | **$ 8.8** | $ 6.7 | $ 6.7 |
| Owner/operator | | | | |
| | **$ 8.8** | **$ 8.8** | $ 6.7 | $ 6.7 |

TDRs Modified During Previous Twelve Months that Subsequently Defaulted by Portfolio Class

TDRs during the previous twelve months that subsequently defaulted (i.e. became more than 30 days past due) during the periods by portfolio class are as follows:

| | **Three Months Ended March 31** | |
|---|---|---|
| | **2017** | 2016 |
| Fleet | | |
| Owner/operator | | $.1 |
| | | **$ .1** |

| Transactions with PACCAR and Affiliates (Tables) | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Related Party Transactions [Abstract]** | |
| Amounts Outstanding Including Foreign Finance Affiliates | Amounts outstanding at March 31, 2017 and December 31, 2016, including balances with foreign finance affiliates operating in the United Kingdom, the Netherlands, Mexico, Canada and Australia, are summarized below: |

| | **March 31 2017** | December 31 2016 |
|---|---|---|
| Due from PACCAR and affiliates | | |
| Loans due from PACCAR | **$723.0** | $756.5 |
| Loans due from foreign finance affiliates | **361.0** | 413.0 |
| Direct financing leases due from affiliate | **.6** | .5 |
| Tax-related receivable due from PACCAR | | 7.1 |
| Receivables | **39.2** | 88.4 |
| | **$1,123.8** | $1,265.5 |
| Due to PACCAR and affiliates | | |
| Tax-related payables due to PACCAR | **$14.4** | |
| Payables | **11.1** | 16.2 |
| | **$25.5** | $16.2 |

| Stockholder's Equity (Tables) | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Equity [Abstract]** | |
| Components of Comprehensive Income | The components of comprehensive income are as follows: |

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Net income | **$12.5** | $24.3 |
| Other comprehensive income (loss) | | |
| Derivative contracts increase (decrease) | **.6** | (2.7) |
| Total comprehensive income | **$13.1** | $ 21.6 |

| | |
|---|---|
| Changes in and Reclassifications out of Accumulated Other Comprehensive Income | Changes in and reclassifications out of AOCI during the periods are as follows: |

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | 2016 |
| Balance at beginning of period | **$.3** | $(1.4) |
| Amounts recorded in AOCI | | |
| Unrealized gain (loss) on derivative contracts | **.4** | (5.5) |
| Income tax effect | **(.1)** | 2.1 |
| Amounts reclassified out of AOCI | | |
| Interest and other borrowing costs | **.5** | 1.1 |
| Income tax effect | **(.2)** | (.4) |
| Net other comprehensive income (loss) | **.6** | (2.7) |
| Balance at end of period | **$ .9** | $ (4.1) |

| Fair Value Measurements (Tables) | 3 Months Ended Mar. 31, 2017 |
|---|---|
| **Fair Value Disclosures [Abstract]** | |
| Assets and Liabilities Fair Value Measurements | The Company's assets and liabilities subject to fair value measurements are as follows: |

| **Level 2** | **March 31 2017** | December 31 2016 |
|---|---|---|
| Assets: | | |
| Impaired loans, net of specific reserves (2017 - $1.0 and 2016 - $1.0) | **$.2** | $1.9 |
| Used trucks held for sale | **104.5** | 100.4 |
| Derivative contracts | **2.0** | 2.4 |
| Liabilities: | | |
| Derivative contracts | **$5.3** | $4.1 |

Carrying Amount and Fair Value Fixed-Rate Loans and Fixed-Rate Debt

The Company's estimate of fair value for fixed rate loans and debt that are not carried at fair value was as follows:

| | **March 31 2017** | | December 31 2016 | |
|---|---|---|---|---|
| | **Carrying Amount** | **Fair Value** | Carrying Amount | Fair Value |
| Assets: | | | | |
| Due from PACCAR | **$673.0** | **$672.0** | $648.0 | $648.4 |
| Due from foreign finance affiliates | **172.0** | **172.7** | 218.0 | 219.4 |
| Fixed rate loans | **2,727.1** | **2,747.5** | 2,796.0 | 2,816.2 |
| Liabilities: | | | | |
| Fixed rate debt | **$4,091.3** | **$4,078.0** | $4,193.1 | $4,191.4 |

| Derivative Financial Instruments (Tables) | 3 Months Ended Mar. 31, 2017 |
|---|---|
| Balance Sheet Classification, Fair Value and Gross and Net Amounts of Derivative Financial Instruments | The following table presents the balance sheet classification, fair value and gross and net amounts of derivative financial instruments: |

| | March 31 2017 | | December 31 2016 | |
|---|---|---|---|---|
| Interest-rate contracts: | **Assets** | **Liabilities** | Assets | Liabilities |
| Other assets | **$2.0** | | $2.4 | |
| Accounts payable, accrued expenses and other | | **$5.3** | | $4.1 |
| Gross amounts recognized in Balance Sheets | **2.0** | **5.3** | 2.4 | 4.1 |
| Less amounts not offset in financial instruments | **(.7)** | **(.7)** | (.6) | (.6) |
| Pro-forma net amount | **$1.3** | **$4.6** | $1.8 | $3.5 |

| Fair Value Hedging Gains/Losses of Derivative Financial Instruments | Changes in the fair value of derivatives designated as fair value hedges are recorded in earnings together with the changes in fair value of the hedged item attributable to the risk being hedged. The expense or (income) recognized in earnings related to fair value hedges was included in Interest and other borrowing costs as follows: |
|---|---|

| | Three Months Ended March 31 | |
|---|---|---|
| | **2017** | **2016** |
| Interest-rate swaps | **$ 1.3** | $ (2.0) |
| Term notes | **$ (1.3)** | $ 1.6 |

| FASB Issued Standards (Detail) | 3 Months Ended Mar. 31, 2017 |
|---|---|
| Accounting Standards Update 2015-11 | |
| **New Accounting Pronouncements or Change in Accounting Principle [Line Items]** | |
| DESCRIPTION | Inventory (Topic 330): Simplifying the Measurement of Inventory. |

| Finance and Other Receivables (Detail) - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 | Mar. 31, 2016 | Dec. 31, 2015 |
|---|---|---|---|---|
| **Accounts, Notes, Loans and Financing Receivable [Line Items]** | | | | |
| Retail loans | $ 2,878.4 | $ 2,948.6 | | |
| Retail direct financing leases | 1,582.9 | 1,644.7 | | |
| Dealer wholesale financing | 780.2 | 760.3 | | |
| Dealer master notes | 24.3 | 23.8 | | |
| Operating lease receivables and other | 69.3 | 65.9 | | |
| Unearned interest on finance leases | (140.5) | (149.0) | | |
| Total portfolio | 5,194.6 | 5,294.3 | | |
| Allowance for credit losses | (58.3) | (59.4) [1] | $ (57.4) | $ (59.3) |
| Total portfolio, net of allowance for credit losses | 5,136.3 | 5,234.9 [1] | | |
| Loans and Leases | | | | |
| **Accounts, Notes, Loans and Financing Receivable [Line Items]** | | | | |
| Allowance for credit losses | (55.2) | (56.3) | | |
| Dealer \| Wholesale | | | | |
| **Accounts, Notes, Loans and Financing Receivable [Line Items]** | | | | |
| Allowance for credit losses | (2.0) | (2.0) | (2.6) | (2.7) |
| Other | | | | |
| **Accounts, Notes, Loans and Financing Receivable [Line Items]** | | | | |
| Allowance for credit losses | [2] $ (1.1) | $ (1.1) | $ (1.4) | $ (1.1) |

[1] The December 31, 2016 balance sheet has been derived from audited financial statements.

[2] Operating lease and other trade receivables

| Finance and Other Receivables - Additional Information (Detail) | 3 Months Ended | | 12 Months Ended |
|---|---|---|---|
| | Mar. 31, 2017 USD ($) Segment | Mar. 31, 2016 USD ($) | Dec. 31, 2016 USD ($) |
| **Accounts, Notes, Loans and Financing Receivable [Line Items]** | | | |
| Receivables more than 90 days past due still accruing | $ 0 | | $ 0 |
| Number of portfolio segments \| Segment | 2 | | |
| Troubled debt restructuring | $ 24,400,000 | | 18,100,000 |
| Recorded investment, subsequently defaulted | 0 | $ 100,000 | |
| Repossessed inventory | 16,600,000 | | $ 15,500,000 |
| Proceeds from sales of repossessed assets | $ 8,000,000 | $ 4,100,000 | |
| Extended Maturity | | | |
| **Accounts, Notes, Loans and Financing Receivable [Line Items]** | | | |
| Modifications extended contractual terms | 2 months | 3 months | |
| Minimum \| Loans Receivable | | | |
| **Accounts, Notes, Loans and Financing Receivable [Line Items]** | | | |
| Contractual term of regular payment of principal and interest | 36 months | | |
| Maximum \| Loans Receivable | | | |
| **Accounts, Notes, Loans and Financing Receivable [Line Items]** | | | |
| Contractual term of regular payment of principal and interest | 60 months | | |
| Maximum \| Financing Receivable \| Credit Concentration Risk | | | |
| **Accounts, Notes, Loans and Financing Receivable [Line Items]** | | | |
| Percentage of customers diversification in portfolio | 10.00% | | 10.00% |

| Allowance for Credit Losses (Detail) - USD ($) $ in Millions | 3 Months Ended | | |
| --- | --- | --- | --- |
| | Mar. 31, 2017 | | Mar. 31, 2016 |
| **Financing Receivable, Allowance for Credit Losses [Line Items]** | | | |
| Beginning Balance | $ 59.4 | [1] | $ 59.3 |
| (Benefit) provision for losses | 3.0 | | 1.9 |
| Charge-offs | (4.6) | | (4.3) |
| Recoveries | 0.5 | | 0.5 |
| Ending Balance | 58.3 | | 57.4 |
| Dealer \| Wholesale | | | |
| **Financing Receivable, Allowance for Credit Losses [Line Items]** | | | |
| Beginning Balance | 2.0 | | 2.7 |
| (Benefit) provision for losses | | | (0.1) |
| Charge-offs | | | |
| Recoveries | | | |
| Ending Balance | 2.0 | | 2.6 |
| Dealer \| Retail | | | |
| **Financing Receivable, Allowance for Credit Losses [Line Items]** | | | |
| Beginning Balance | 8.5 | | 9.2 |
| (Benefit) provision for losses | (0.3) | | (0.4) |
| Charge-offs | | | |
| Recoveries | | | |
| Ending Balance | 8.2 | | 8.8 |
| Customer Retail | | | |
| **Financing Receivable, Allowance for Credit Losses [Line Items]** | | | |
| Beginning Balance | 47.8 | | 46.3 |
| (Benefit) provision for losses | 3.3 | | 1.8 |
| Charge-offs | (4.6) | | (4.0) |
| Recoveries | 0.5 | | 0.5 |
| Ending Balance | 47.0 | | 44.6 |
| Other | | | |
| **Financing Receivable, Allowance for Credit Losses [Line Items]** | | | |
| Beginning Balance | [2] 1.1 | | 1.1 |
| (Benefit) provision for losses | [2] | | 0.6 |
| Charge-offs | [2] | | (0.3) |
| Recoveries | [2] | | |
| Ending Balance | [2] $ 1.1 | | $ 1.4 |

[1] The December 31, 2016 balance sheet has been derived from audited financial statements.
[2] Operating lease and other trade receivables

| Finance Receivables Evaluated and the Associated Allowances Determined Individually and Collectively (Detail) - USD ($) $ in Millions | Mar. 31, 2017 | Mar. 31, 2016 |
|---|---|---|
| **Financing Receivable, Allowance for Credit Losses [Line Items]** | | |
| Recorded investment for impaired finance receivables evaluated individually | $ 32.9 | $ 31.4 |
| Allowance for impaired finance receivables determined individually | 2.9 | 2.5 |
| Recorded investment for finance receivables evaluated collectively | 5,092.4 | 5,197.0 |
| Allowance for finance receivables determined collectively | 54.3 | 55.8 |
| Dealer \| Wholesale | | |
| **Financing Receivable, Allowance for Credit Losses [Line Items]** | | |
| Recorded investment for impaired finance receivables evaluated individually | | |
| Allowance for impaired finance receivables determined individually | | |
| Recorded investment for finance receivables evaluated collectively | 780.2 | 760.3 |
| Allowance for finance receivables determined collectively | 2.0 | 2.0 |
| Dealer \| Retail | | |
| **Financing Receivable, Allowance for Credit Losses [Line Items]** | | |
| Recorded investment for impaired finance receivables evaluated individually | | |
| Allowance for impaired finance receivables determined individually | | |
| Recorded investment for finance receivables evaluated collectively | 1,185.9 | 1,248.7 |
| Allowance for finance receivables determined collectively | 8.2 | 8.5 |
| Customer Retail | | |
| **Financing Receivable, Allowance for Credit Losses [Line Items]** | | |
| Recorded investment for impaired finance receivables evaluated individually | 32.9 | 31.4 |
| Allowance for impaired finance receivables determined individually | 2.9 | 2.5 |
| Recorded investment for finance receivables evaluated collectively | 3,126.3 | 3,188.0 |
| Allowance for finance receivables determined collectively | $ 44.1 | $ 45.3 |

| Recorded Investment for Finance Receivables that are on Non-accrual Status (Detail) - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 |
|---|---|---|
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Recorded investment of finance receivables that are on non-accrual status | $ 32.9 | $ 31.4 |
| Customer Retail \| Fleet | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Recorded investment of finance receivables that are on non-accrual status | 30.2 | 29.9 |
| Customer Retail \| Owner/Operator | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Recorded investment of finance receivables that are on non-accrual status | $ 2.7 | $ 1.5 |

| Impaired Loans and Specific Reserve (Detail) - USD ($)<br>$ in Millions | 3 Months Ended<br>Mar. 31, 2017 | | 12 Months Ended<br>Dec. 31, 2016 | |
|---|---|---|---|---|
| **Financing Receivable, Impaired [Line Items]** | | | | |
| Impaired loans with a specific reserve | $ 15.1 | | $ 12.4 | |
| Associated allowance | (2.4) | | (2.1) | |
| Net carrying amount of impaired loans with a specific reserve | 12.7 | | 10.3 | |
| Impaired loans with no specific reserve | 8.3 | | 10.2 | |
| Net carrying amount of impaired loans | 21.0 | | 20.5 | |
| Average recorded investment for impaired loans | 19.6 | [1] | 19.0 | [2] |
| Dealer \| Wholesale | | | | |
| **Financing Receivable, Impaired [Line Items]** | | | | |
| Impaired loans with a specific reserve | | | | |
| Associated allowance | | | | |
| Net carrying amount of impaired loans with a specific reserve | | | | |
| Impaired loans with no specific reserve | | | | |
| Net carrying amount of impaired loans | | | | |
| Average recorded investment for impaired loans | | [1] | | [2] |
| Dealer \| Retail | | | | |
| **Financing Receivable, Impaired [Line Items]** | | | | |
| Impaired loans with a specific reserve | | | | |
| Associated allowance | | | | |
| Net carrying amount of impaired loans with a specific reserve | | | | |
| Impaired loans with no specific reserve | | | | |
| Net carrying amount of impaired loans | | | | |
| Average recorded investment for impaired loans | | [1] | | [2] |
| Customer Retail \| Fleet | | | | |
| **Financing Receivable, Impaired [Line Items]** | | | | |
| Impaired loans with a specific reserve | 13.3 | | 11.3 | |
| Associated allowance | (2.0) | | (1.9) | |
| Net carrying amount of impaired loans with a specific reserve | 11.3 | | 9.4 | |
| Impaired loans with no specific reserve | 8.1 | | 10.0 | |
| Net carrying amount of impaired loans | 19.4 | | 19.4 | |
| Average recorded investment for impaired loans | 17.9 | [1] | 17.3 | [2] |
| Customer Retail \| Owner/Operator | | | | |
| **Financing Receivable, Impaired [Line Items]** | | | | |
| Impaired loans with a specific reserve | 1.8 | | 1.1 | |
| Associated allowance | (0.4) | | (0.2) | |
| Net carrying amount of impaired loans with a specific reserve | 1.4 | | 0.9 | |
| Impaired loans with no specific reserve | 0.2 | | 0.2 | |
| Net carrying amount of impaired loans | 1.6 | | 1.1 | |
| Average recorded investment for impaired loans | $ 1.7 | [1] | $ 1.7 | [2] |

[1] Represents the average during the 12 months ended March 31, 2017
[2] Represents the average during the 12 months ended March 31, 2016

| Interest Income Recognized (Detail) - USD ($)<br>$ in Millions | 3 Months Ended | |
| --- | --- | --- |
| | Mar. 31, 2017 | Mar. 31, 2016 |
| **Interest income recognized:** | | |
| Interest income recognized on a cash basis | $ 0.3 | $ 0.3 |
| Customer Retail \| Fleet | | |
| **Interest income recognized:** | | |
| Interest income recognized on a cash basis | $ 0.3 | 0.2 |
| Customer Retail \| Owner/Operator | | |
| **Interest income recognized:** | | |
| Interest income recognized on a cash basis | | $ 0.1 |

| Financing Receivables by Credit Quality Indicator and Portfolio Class (Detail) - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 |
|---|---|---|
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | $ 5,125.3 | $ 5,228.4 |
| Performing | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 5,081.6 | 5,189.0 |
| Watch | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 10.8 | 8.0 |
| At-risk | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 32.9 | 31.4 |
| Dealer \| Wholesale | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 780.2 | 760.3 |
| Dealer \| Wholesale \| Performing | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 780.2 | 757.4 |
| Dealer \| Wholesale \| Watch | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | | 2.9 |
| Dealer \| Wholesale \| At-risk | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | | |
| Dealer \| Retail | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 1,185.9 | 1,248.7 |
| Dealer \| Retail \| Performing | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 1,185.9 | 1,248.7 |
| Dealer \| Retail \| Watch | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | | |
| Dealer \| Retail \| At-risk | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | | |
| Customer Retail \| Fleet | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 2,742.1 | 2,796.3 |
| Customer Retail \| Fleet \| Performing | | |

| | | |
|---|---|---|
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 2,701.8 | 2,761.9 |
| Customer Retail \| Fleet \| Watch | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 10.1 | 4.4 |
| Customer Retail \| Fleet \| At-risk | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 30.2 | 30.0 |
| Customer Retail \| Owner/Operator | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 417.1 | 423.1 |
| Customer Retail \| Owner/Operator \| Performing | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 413.7 | 421.0 |
| Customer Retail \| Owner/Operator \| Watch | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | 0.7 | 0.7 |
| Customer Retail \| Owner/Operator \| At-risk | | |
| **Financing Receivable, Recorded Investment [Line Items]** | | |
| Financing Receivables | $ 2.7 | $ 1.4 |

| Financing Receivables by Aging Category (Detail) - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 |
|---|---|---|
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, current and up to 30 days past due | $ 5,116.6 | $ 5,214.9 |
| Financing receivables | 5,125.3 | 5,228.4 |
| 31 - 60 days past due | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, past due | 4.1 | 6.7 |
| Greater than 60 days past due | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, past due | 4.6 | 6.8 |
| Dealer \| Wholesale | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, current and up to 30 days past due | 780.2 | 760.3 |
| Financing receivables | 780.2 | 760.3 |
| Dealer \| Wholesale \| 31 - 60 days past due | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, past due | | |
| Dealer \| Wholesale \| Greater than 60 days past due | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, past due | | |
| Dealer \| Retail | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, current and up to 30 days past due | 1,185.9 | 1,248.7 |
| Financing receivables | 1,185.9 | 1,248.7 |
| Dealer \| Retail \| 31 - 60 days past due | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, past due | | |
| Dealer \| Retail \| Greater than 60 days past due | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, past due | | |
| Customer Retail \| Fleet | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, current and up to 30 days past due | 2,735.4 | 2,784.5 |
| Financing receivables | 2,742.1 | 2,796.3 |
| Customer Retail \| Fleet \| 31 - 60 days past due | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, past due | 3.0 | 5.8 |
| Customer Retail \| Fleet \| Greater than 60 days past due | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, past due | 3.7 | 6.0 |
| Customer Retail \| Owner/Operator | | |

| | | |
|---|---|---|
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, current and up to 30 days past due | 415.1 | 421.4 |
| Financing receivables | 417.1 | 423.1 |
| Customer Retail \| Owner/Operator \| 31 - 60 days past due | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, past due | 1.1 | 0.9 |
| Customer Retail \| Owner/Operator \| Greater than 60 days past due | | |
| **Financing Receivable, Recorded Investment, Past Due [Line Items]** | | |
| Financing receivables, past due | $ 0.9 | $ 0.8 |

| Pre - Modification and Post Modification Recorded Investment (Detail) - USD ($) $ in Millions | 3 Months Ended | |
|---|---|---|
| | Mar. 31, 2017 | Mar. 31, 2016 |
| **Financing Receivable, Modifications [Line Items]** | | |
| Pre-Modification Recorded Investment | $ 8.8 | $ 6.7 |
| Post-Modification Recorded Investment | 8.8 | 6.7 |
| Customer Retail \| Fleet | | |
| **Financing Receivable, Modifications [Line Items]** | | |
| Pre-Modification Recorded Investment | 8.8 | 6.7 |
| Post-Modification Recorded Investment | 8.8 | 6.7 |
| Customer Retail \| Owner/Operator | | |
| **Financing Receivable, Modifications [Line Items]** | | |
| Pre-Modification Recorded Investment | | |
| Post-Modification Recorded Investment | | |

| Post-Modification Recorded Investment of Finance Receivables Modified as TDR Modified During Previous Twelve Months that Subsequently Defaulted by Portfolio Class (Detail) - USD ($) $ in Millions | 3 Months Ended | |
| --- | --- | --- |
| | Mar. 31, 2017 | Mar. 31, 2016 |
| **Financing Receivable, Modifications [Line Items]** | | |
| Recorded investment, subsequently defaulted | $ 0.0 | $ 0.1 |
| Customer Retail \| Fleet | | |
| **Financing Receivable, Modifications [Line Items]** | | |
| Recorded investment, subsequently defaulted | | |
| Customer Retail \| Owner/Operator | | |
| **Financing Receivable, Modifications [Line Items]** | | |
| Recorded investment, subsequently defaulted | | $ 0.1 |

| Transactions with PACCAR and Affiliates - Additional Information (Detail) | Mar. 31, 2017 USD ($) Facility |
|---|---|
| **Related Party Transaction [Line Items]** | |
| Required ratio of net earnings available for fixed charges to fixed charges | 125.00% |
| Number of facilities leased by company \| Facility | 4 |
| Foreign Finance Affiliates | |
| **Related Party Transaction [Line Items]** | |
| Loans to foreign affiliates, upper limit \| $ | $ 500,000,000 |

| Amounts Outstanding Including Foreign Finance Affiliates (Detail) - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 | |
|---|---|---|---|
| **Due from PACCAR and affiliates** | | | |
| Loans due from PACCAR | $ 723.0 | $ 756.5 | |
| Loans due from foreign finance affiliates | 361.0 | 413.0 | |
| Direct financing leases due from affiliate | 0.6 | 0.5 | |
| Tax-related receivable due from PACCAR | | 7.1 | |
| Receivables | 39.2 | 88.4 | |
| Total | 1,123.8 | 1,265.5 | [1] |
| **Due to PACCAR and affiliates** | | | |
| Tax-related payables due to PACCAR | 14.4 | | |
| Payables | 11.1 | 16.2 | |
| Total | $ 25.5 | $ 16.2 | [1] |

[1] The December 31, 2016 balance sheet has been derived from audited financial statements.

| Stockholder's Equity - Additional Information (Detail) - USD ($) $ in Millions | 3 Months Ended Mar. 31, 2017 | Dec. 31, 2016 [1] |
|---|---|---|
| **Equity [Abstract]** | | |
| Preferred stock dividend percentage | 6.00% | |
| Ownership percentage of PACCAR | 100.00% | |
| Accumulated other comprehensive income | $ 0.9 | $ 0.3 |

[1] The December 31, 2016 balance sheet has been derived from audited financial statements.

| Components of Comprehensive Income (Detail) - USD ($) $ in Millions | 3 Months Ended | |
|---|---|---|
| | Mar. 31, 2017 | Mar. 31, 2016 |
| **Statement of Comprehensive Income [Abstract]** | | |
| Net income | $ 12.5 | $ 24.3 |
| **Other comprehensive income (loss)** | | |
| Derivative contracts increase (decrease) | 0.6 | (2.7) |
| Total comprehensive income | $ 13.1 | $ 21.6 |

| Changes in and Reclassifications out of Accumulated Other Comprehensive Income (Detail) - USD ($) $ in Millions | 3 Months Ended | |
|---|---|---|
| | Mar. 31, 2017 | Mar. 31, 2016 |
| **Accumulated Other Comprehensive Income (Loss) [Line Items]** | | |
| Beginning balance | [1] $ 1,173.0 | |
| Interest and other borrowing costs | 23.4 | $ 19.3 |
| Income tax effect | 7.5 | 14.0 |
| Ending balance | 1,189.3 | |
| Accumulated Net Gain (Loss) from Designated or Qualifying Cash Flow Hedges | | |
| **Accumulated Other Comprehensive Income (Loss) [Line Items]** | | |
| Beginning balance | 0.3 | (1.4) |
| Amounts recorded in AOCI related to Unrealized gain (loss) on derivative contracts, before tax | 0.4 | (5.5) |
| Amounts recorded in AOCI related to unrealized gain (loss) on derivative contracts, income tax effect | (0.1) | 2.1 |
| Net other comprehensive income (loss) | 0.6 | (2.7) |
| Ending balance | 0.9 | (4.1) |
| Accumulated Net Gain (Loss) from Designated or Qualifying Cash Flow Hedges \| Amounts reclassified out of AOCI | | |
| **Accumulated Other Comprehensive Income (Loss) [Line Items]** | | |
| Interest and other borrowing costs | 0.5 | 1.1 |
| Income tax effect | $ (0.2) | $ (0.4) |

[1] The December 31, 2016 balance sheet has been derived from audited financial statements.

| Assets and Liabilities Fair Value Measurements (Detail) - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 |
|---|---|---|
| **Assets:** | | |
| Derivative contracts | $ 2.0 | $ 2.4 |
| **Liabilities:** | | |
| Derivative contracts | 5.3 | 4.1 |
| Fair Value, Inputs, Level 2 \| Fair Value Measurements, Nonrecurring | | |
| **Assets:** | | |
| Impaired loans, net of specific reserves (2017 - $1.0 and 2016 - $1.0) | 0.2 | 1.9 |
| Used trucks held for sale | 104.5 | 100.4 |
| Fair Value, Inputs, Level 2 \| Fair Value, Assets and Liabilities Measured on Recurring Basis | | |
| **Assets:** | | |
| Derivative contracts | 2.0 | 2.4 |
| **Liabilities:** | | |
| Derivative contracts | $ 5.3 | $ 4.1 |

| Assets and Liabilities Fair Value Measurements (Parenthetical) (Detail) - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 |
|---|---|---|
| **Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]** | | |
| Impaired loans, specific reserves | $ 2.4 | $ 2.1 |
| Fair Value, Inputs, Level 2 \| Fair Value Measurements, Nonrecurring | | |
| **Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]** | | |
| Impaired loans, specific reserves | $ 1.0 | $ 1.0 |

| Fair Value Measurements - Additional Information (Detail) - USD ($) $ in Millions | 3 Months Ended | |
|---|---|---|
| | Mar. 31, 2017 | Mar. 31, 2016 |
| Trucks Inventory | | |
| **Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]** | | |
| Used truck impairments | $ 9.0 | $ 2.0 |

| Carrying Amount and Fair Value for Fixed-Rate Loans and Debt (Detail) - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 | |
|---|---|---|---|
| **Assets:** | | | |
| Due from PACCAR | $ 1,123.8 | $ 1,265.5 | [1] |
| Due from foreign finance affiliates | 361.0 | 413.0 | |
| Carrying Amount | | | |
| **Assets:** | | | |
| Due from PACCAR | 673.0 | 648.0 | |
| Due from foreign finance affiliates | 172.0 | 218.0 | |
| Fixed rate loans | 2,727.1 | 2,796.0 | |
| **Liabilities:** | | | |
| Fixed rate debt | 4,091.3 | 4,193.1 | |
| Fair Value | | | |
| **Assets:** | | | |
| Due from PACCAR | 672.0 | 648.4 | |
| Due from foreign finance affiliates | 172.7 | 219.4 | |
| Fixed rate loans | 2,747.5 | 2,816.2 | |
| **Liabilities:** | | | |
| Fixed rate debt | $ 4,078.0 | $ 4,191.4 | |

[1] The December 31, 2016 balance sheet has been derived from audited financial statements.

| Derivative Financial Instruments - Additional Information (Detail) - USD ($) $ in Millions | 3 Months Ended Mar. 31, 2017 | Dec. 31, 2016 |
|---|---|---|
| **Derivative Instruments and Hedging Activities Disclosure [Abstract]** | | |
| Notional amount of interest-rate contracts | $ 1,103.6 | |
| Interest-rate contracts maturity period | 4 years | |
| Notional maturities for interest-rate contracts 2017 | $ 130.0 | |
| Notional maturities for interest-rate contracts 2018 | 460.0 | |
| Notional maturities for interest-rate contracts 2019 | 326.0 | |
| Notional maturities for interest-rate contracts 2020 | 125.0 | |
| Notional maturities for interest-rate contracts 2021 | 62.6 | |
| Interest rate swap portfolio | $ 2.0 | $ 2.4 |
| Maximum length of time for which company is hedging its exposure to the variability in future cash flows | 4 years | |
| Accumulated net loss on interest rate contracts included in AOCI expected to be reclassified to interest expense in the following 12 months | $ 0.3 | |

| Balance Sheet Classification, Fair Value and Gross and Net Amounts of Derivative Financial Instruments (Detail) - USD ($) $ in Millions | Mar. 31, 2017 | Dec. 31, 2016 |
|---|---|---|
| **Derivatives, Fair Value [Line Items]** | | |
| Assets gross amount recognized in balance sheets | $ 2.0 | $ 2.4 |
| Less amounts not offset in financial instruments | (0.7) | (0.6) |
| Pro-forma net amount | 1.3 | 1.8 |
| Liabilities gross amount recognized in balance sheets | 5.3 | 4.1 |
| Less amounts not offset in financial instruments | (0.7) | (0.6) |
| Pro-forma net amount | 4.6 | 3.5 |
| Interest Rate Contract \| Other Assets | | |
| **Derivatives, Fair Value [Line Items]** | | |
| Assets gross amount recognized in balance sheets | 2.0 | 2.4 |
| Liabilities gross amount recognized in balance sheets | | |
| Interest Rate Contract \| Accounts Payable, Accrued Expenses and Other | | |
| **Derivatives, Fair Value [Line Items]** | | |
| Assets gross amount recognized in balance sheets | | |
| Liabilities gross amount recognized in balance sheets | $ 5.3 | $ 4.1 |

| Expense or (Income) Recognized in Earnings Related to Fair Value Hedges (Detail) - Financial Services - Interest and other borrowing costs - USD ($) $ in Millions | 3 Months Ended | |
|---|---|---|
| | Mar. 31, 2017 | Mar. 31, 2016 |
| **Derivative [Line Items]** | | |
| Interest-rate swaps | $ 1.3 | $ (2.0) |
| Term notes | $ (1.3) | $ 1.6 |

| Income Taxes - Additional Information (Detail) | 3 Months Ended | |
|---|---|---|
| | Mar. 31, 2017 | Mar. 31, 2016 |
| **Income Tax Disclosure [Abstract]** | | |
| Effective income tax rate | 37.50% | 36.60% |