

**DISCOVER FINANCIAL SERVICES**  
**EARNINGS SUMMARY**  
(unaudited, in millions, except per share statistics)

|  | Quarter Ended |              |              |              |              | June 30, 2014 vs. June 30, 2013 |       | Six Months Ended |              | 2014 vs. 2013 |       |
|--|---------------|--------------|--------------|--------------|--------------|---------------------------------|-------|------------------|--------------|---------------|-------|
|  | Jun 30, 2014  | Mar 31, 2014 | Dec 31, 2013 | Sep 30, 2013 | Jun 30, 2013 |                                 |       | Jun 30, 2014     | Jun 30, 2013 |               |       |
| <b><u>EARNINGS SUMMARY</u></b>                             |               |              |              |              |              |                                 |       |                  |              |               |       |
| Interest Income  | \$1,863       | \$1,833      | \$1,842      | \$1,787      | \$1,727      | \$136                           | 8%    | \$3,696          | \$3,435      | \$261         | 8%    |
| Interest Expense   | 274           | 270          | 273          | 278          | 297          | (23)                            | (8%)  | 544              | 595          | (51)          | (9%)  |
| Net Interest Income  | 1,589         | 1,563        | 1,569        | 1,509        | 1,430        | 159                             | 11%   | 3,152            | 2,840        | 312           | 11%   |
| Discount/Interchange Revenue                               | 595           | 519          | 574          | 550          | 546          | 49                              | 9%    | 1,114            | 1,038        | 76            | 7%    |
| Rewards Cost   | 268           | 265          | 295          | 274          | 238          | 30                              | 13%   | 533              | 467          | 66            | 14%   |
| Discount and Interchange Revenue, net                      | 327           | 254          | 279          | 276          | 308          | 19                              | 6%    | 581              | 571          | 10            | 2%    |
| Protection Products Revenue                                | 78            | 83           | 84           | 90           | 88           | (10)                            | (11%) | 161              | 176          | (15)          | (9%)  |
| Loan Fee Income  | 80            | 83           | 85           | 78           | 76           | 4                               | 5%    | 163              | 157          | 6             | 4%    |
| Transaction Processing Revenue                             | 46            | 44           | 46           | 46           | 47           | (1)                             | (2%)  | 90               | 100          | (10)          | (10%) |
| Other Income   | 52            | 51           | 66           | 63           | 92           | (40)                            | (43%) | 103              | 189          | (86)          | (46%) |
| Total Other Income   | 583           | 515          | 560          | 553          | 611          | (28)                            | (5%)  | 1,098            | 1,193        | (95)          | (8%)  |
| Revenue Net of Interest Expense                            | 2,172         | 2,078        | 2,129        | 2,062        | 2,041        | 131                             | 6%    | 4,250            | 4,033        | 217           | 5%    |
| Provision for Loan Losses                                  | 360           | 272          | 354          | 333          | 240          | 120                             | 50%   | 632              | 399          | 233           | 58%   |
| Employee Compensation and Benefits                         | 301           | 307          | 297          | 292          | 285          | 16                              | 6%    | 608              | 575          | 33            | 6%    |
| Marketing and Business Development                         | 168           | 169          | 189          | 174          | 185          | (17)                            | (9%)  | 337              | 354          | (17)          | (5%)  |
| Information Processing & Communications                    | 87            | 84           | 89           | 81           | 85           | 2                               | 2%    | 171              | 163          | 8             | 5%    |
| Professional Fees  | 112           | 99           | 108          | 97           | 101          | 11                              | 11%   | 211              | 205          | 6             | 3%    |
| Premises and Equipment                                     | 22            | 23           | 22           | 21           | 20           | 2                               | 10%   | 45               | 39           | 6             | 15%   |
| Other Expense  | 107           | 102          | 133          | 118          | 144          | (37)                            | (26%) | 209              | 237          | (28)          | (12%) |
| Total Other Expense  | 797           | 784          | 838          | 783          | 820          | (23)                            | (3%)  | 1,581            | 1,573        | 8             | 1%    |
| Income Before Income Taxes                                 | 1,015         | 1,022        | 937          | 946          | 981          | 34                              | 3%    | 2,037            | 2,061        | (24)          | (1%)  |
| Tax Expense  | 371           | 391          | 335          | 353          | 379          | (8)                             | (2%)  | 762              | 786          | (24)          | (3%)  |
| Net Income   | \$644         | \$631        | \$602        | \$593        | \$602        | \$42                            | 7%    | \$1,275          | \$1,275      | \$0           | 0%    |
| Net Income Allocated to Common Stockholders                | \$630         | \$618        | \$588        | \$579        | \$588        | \$42                            | 7%    | \$1,248          | \$1,247      | \$1           | 0%    |
| Effective Tax Rate   | 36.6%         | 38.3%        | 35.8%        | 37.3%        | 38.6%        |                                 |       | 37.4%            | 38.1%        |               |       |
| Net Interest Margin  | 9.84%         | 9.87%        | 9.81%        | 9.64%        | 9.44%        | 40 bps                          |       | 9.86%            | 9.41%        | 45 bps        |       |
| ROE  | 23%           | 23%          | 22%          | 23%          | 23%          |                                 |       | 23%              | 25%          |               |       |
| Ending Common Shares Outstanding                           | 465           | 468          | 472          | 479          | 486          | (21)                            | (4%)  | 465              | 486          | (21)          | (4%)  |
| Weighted Average Common Shares Outstanding                 | 466           | 471          | 475          | 482          | 489          | (23)                            | (5%)  | 468              | 492          | (24)          | (5%)  |
| Weighted Average Common Shares Outstanding (fully diluted) | 467           | 472          | 477          | 484          | 490          | (23)                            | (5%)  | 469              | 494          | (25)          | (5%)  |
| <b><u>PER SHARE STATISTICS</u></b>                         |               |              |              |              |              |                                 |       |                  |              |               |       |
| Basic EPS  | \$1.35        | \$1.31       | \$1.24       | \$1.20       | \$1.20       | \$0.15                          | 13%   | \$2.66           | \$2.53       | \$0.13        | 5%    |
| Diluted EPS  | \$1.35        | \$1.31       | \$1.23       | \$1.20       | \$1.20       | \$0.15                          | 13%   | \$2.66           | \$2.52       | \$0.14        | 6%    |
| Common Stock Price (period end)                            | \$61.98       | \$58.19      | \$55.95      | \$50.54      | \$47.64      | \$14.34                         | 30%   | \$61.98          | \$47.64      | \$14.34       | 30%   |
| Book Value per share                                       | \$24.46       | \$23.53      | \$22.89      | \$22.14      | \$21.52      | \$2.94                          | 14%   | \$24.46          | \$21.52      | \$2.94        | 14%   |

Note: See Glossary of Financial Terms for definitions of financial terms.

**DISCOVER FINANCIAL SERVICES**  
**EARNINGS SUMMARY**  
(unaudited, in millions)

|   | Quarter Ended   |                 |                 |                 |                 | June 30, 2014 vs.               |              | Six Months Ended |                  | 2014 vs. 2013  |      |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------------|--------------|------------------|------------------|----------------|------|
|   | Jun 30, 2014    | Mar 31, 2014    | Dec 31, 2013    | Sep 30, 2013    | Jun 30, 2013    | June 30, 2014 vs. June 30, 2013 | Jun 30, 2014 | Jun 30, 2013     |                  |                |      |
| <b><u>SEGMENT- INCOME BEFORE INCOME TAXES</u></b> |                 |                 |                 |                 |                 |                                 |              |                  |                  |                |      |
| Direct Banking                                    | \$984           | \$994           | \$911           | \$918           | \$1,002         | (\$18)                          | (2%)         | \$1,978          | \$2,035          | (\$57)         | (3%) |
| Payment Services                                  | 31              | 28              | 26              | 28              | (21)            | 52                              | NM           | 59               | 26               | 33             | 127% |
| Total   | <u>\$1,015</u>  | <u>\$1,022</u>  | <u>\$937</u>    | <u>\$946</u>    | <u>\$981</u>    | <u>\$34</u>                     | 3%           | <u>\$2,037</u>   | <u>\$2,061</u>   | <u>(\$24)</u>  | (1%) |
| <b><u>TRANSACTIONS PROCESSED ON NETWORKS</u></b>  |                 |                 |                 |                 |                 |                                 |              |                  |                  |                |      |
| Discover Network                                  | 514             | 461             | 522             | 500             | 483             | 31                              | 6%           | 975              | 925              | 50             | 5%   |
| PULSE Network                                     | 1,090           | 1,037           | 1,044           | 1,053           | 1,067           | 23                              | 2%           | 2,127            | 2,090            | 37             | 2%   |
| Total   | <u>1,604</u>    | <u>1,498</u>    | <u>1,566</u>    | <u>1,553</u>    | <u>1,550</u>    | <u>54</u>                       | 3%           | <u>3,102</u>     | <u>3,015</u>     | <u>87</u>      | 3%   |
| <b><u>NETWORK VOLUME</u></b>                      |                 |                 |                 |                 |                 |                                 |              |                  |                  |                |      |
| PULSE Network                                     | \$41,500        | \$41,927        | \$40,368        | \$39,458        | \$40,060        | \$1,440                         | 4%           | \$83,427         | \$79,979         | \$3,448        | 4%   |
| Network Partners                                  | 2,617           | 2,381           | 2,613           | 2,507           | 2,442           | 175                             | 7%           | 4,998            | 4,688            | 310            | 7%   |
| Diners Club International <sup>1</sup>            | 6,733           | 6,527           | 6,826           | 6,549           | 6,848           | (115)                           | (2%)         | 13,260           | 13,491           | (231)          | (2%) |
| Total Payment Services                            | <u>50,850</u>   | <u>50,835</u>   | <u>49,807</u>   | <u>48,514</u>   | <u>49,350</u>   | <u>1,500</u>                    | 3%           | <u>101,685</u>   | <u>98,158</u>    | <u>3,527</u>   | 4%   |
| Discover Network - Proprietary                    | 30,342          | 26,547          | 30,622          | 28,880          | 28,551          | 1,791                           | 6%           | 56,889           | 54,289           | 2,600          | 5%   |
| Total   | <u>\$81,192</u> | <u>\$77,382</u> | <u>\$80,429</u> | <u>\$77,394</u> | <u>\$77,901</u> | <u>\$3,291</u>                  | 4%           | <u>\$158,574</u> | <u>\$152,447</u> | <u>\$6,127</u> | 4%   |

<sup>1</sup> Volume is derived from data provided by licensees for Diners Club branded cards issued outside of North America and is subject to subsequent revision or amendment.

Note: See Glossary of Financial Terms for definitions of financial terms.

**DISCOVER FINANCIAL SERVICES**  
**BALANCE SHEET STATISTICS**  
(unaudited, in millions)

|   | Quarter Ended   |                 |                 |                 |                 | June 30, 2014 vs.<br>June 30, 2013 |            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------------------------|------------|
|   | Jun 30,<br>2014 | Mar 31,<br>2014 | Dec 31,<br>2013 | Sep 30,<br>2013 | Jun 30,<br>2013 |                                    |            |
| <b><u>BALANCE SHEET SUMMARY</u></b>                 |                 |                 |                 |                 |                 |                                    |            |
| <b>Assets</b>                                       |                 |                 |                 |                 |                 |                                    |            |
| Cash and Investment Securities                      | \$11,254        | \$13,858        | \$11,727        | \$10,820        | \$11,224        | \$30                               | 0%         |
| Total Loan Receivables                              | 65,875          | 63,852          | 65,771          | 62,738          | 61,703          | 4,172                              | 7%         |
| Allowance for Loan Losses                           | (1,614)         | (1,591)         | (1,648)         | (1,598)         | (1,556)         | (58)                               | (4%)       |
| Net Loan Receivables                                | 64,261          | 62,261          | 64,123          | 61,140          | 60,147          | 4,114                              | 7%         |
| Premises and Equipment, net                         | 665             | 668             | 654             | 639             | 607             | 58                                 | 10%        |
| Goodwill and Intangible Assets, net                 | 463             | 466             | 469             | 472             | 475             | (12)                               | (3%)       |
| Other Assets  | 2,294           | 2,331           | 2,367           | 2,473           | 2,491           | (197)                              | (8%)       |
| <b>Total Assets</b>                                 | <b>\$78,937</b> | <b>\$79,584</b> | <b>\$79,340</b> | <b>\$75,544</b> | <b>\$74,944</b> | <b>\$3,993</b>                     | <b>5%</b>  |
| <b>Liabilities &amp; Stockholders' Equity</b>       |                 |                 |                 |                 |                 |                                    |            |
| Direct to Consumer and Affinity Deposits            | \$28,739        | \$28,711        | \$28,357        | \$28,854        | \$29,063        | (\$324)                            | (1%)       |
| Brokered Deposits and Other Deposits                | 15,706          | 16,273          | 16,602          | 14,263          | 13,505          | 2,201                              | 16%        |
| Deposits  | 44,445          | 44,984          | 44,959          | 43,117          | 42,568          | 1,877                              | 4%         |
| Borrowings  | 20,177          | 20,306          | 20,614          | 18,789          | 18,295          | 1,882                              | 10%        |
| Accrued Expenses and Other Liabilities              | 2,934           | 3,273           | 2,958           | 3,036           | 3,633           | (699)                              | (19%)      |
| Total Liabilities                                   | 67,556          | 68,563          | 68,531          | 64,942          | 64,496          | 3,060                              | 5%         |
| Total Equity  | 11,381          | 11,021          | 10,809          | 10,602          | 10,448          | 933                                | 9%         |
| <b>Total Liabilities and Stockholders' Equity</b>   | <b>\$78,937</b> | <b>\$79,584</b> | <b>\$79,340</b> | <b>\$75,544</b> | <b>\$74,944</b> | <b>\$3,993</b>                     | <b>5%</b>  |
| <b><u>BALANCE SHEET STATISTICS</u></b>              |                 |                 |                 |                 |                 |                                    |            |
| Total Common Equity                                 | \$10,821        | \$10,461        | \$10,249        | \$10,042        | \$9,888         | \$933                              | 9%         |
| Total Common Equity/Total Assets                    | 13.7%           | 13.1%           | 12.9%           | 13.3%           | 13.2%           |                                    |            |
| Total Common Equity/Net Loans                       | 16.8%           | 16.8%           | 16.0%           | 16.4%           | 16.4%           |                                    |            |
| Tangible Assets                                     | \$78,474        | \$79,118        | \$78,871        | \$75,072        | \$74,469        | \$4,005                            | 5%         |
| Tangible Common Equity <sup>1</sup>                 | \$10,358        | \$9,995         | \$9,780         | \$9,570         | \$9,413         | \$945                              | 10%        |
| Tangible Common Equity/Tangible Assets <sup>1</sup> | 13.2%           | 12.6%           | 12.4%           | 12.7%           | 12.6%           |                                    |            |
| Tangible Common Equity/Net Loans <sup>1</sup>       | 16.1%           | 16.1%           | 15.3%           | 15.7%           | 15.6%           |                                    |            |
| Tangible Common Equity per share <sup>1</sup>       | \$22.26         | \$21.34         | \$20.71         | \$19.99         | \$19.38         | \$2.88                             | 15%        |
| <b><u>REGULATORY CAPITAL RATIOS</u></b>             |                 |                 |                 |                 |                 |                                    |            |
| Total Risk Based Capital Ratio                      | 18.3%           | 18.1%           | 17.4%           | 17.9%           | 17.8%           |                                    |            |
| Tier 1 Risk Based Capital Ratio                     | 16.0%           | 15.8%           | 15.2%           | 15.6%           | 15.5%           |                                    |            |
| Tier 1 Common Capital Ratio <sup>2</sup>            | 15.2%           | 14.9%           | 14.3%           | 14.7%           | 14.6%           |                                    |            |
| Tier 1 Leverage Ratio                               | 14.0%           | 13.4%           | 13.4%           | 13.7%           | 13.4%           |                                    |            |
| <b><u>LIQUIDITY</u></b>                             |                 |                 |                 |                 |                 |                                    |            |
| Liquidity Portfolio                                 | \$10,337        | \$12,141        | \$11,115        | \$10,177        | \$9,717         | \$620                              | 6%         |
| Undrawn Credit Facilities <sup>3</sup>              | 22,964          | 22,284          | 21,500          | 20,987          | 18,496          | 4,468                              | 24%        |
| Total Liquidity                                     | <b>\$33,301</b> | <b>\$34,425</b> | <b>\$32,615</b> | <b>\$31,164</b> | <b>\$28,213</b> | <b>\$5,088</b>                     | <b>18%</b> |

<sup>1</sup> Tangible Common Equity ("TCE") is a non-GAAP measure. The Company believes TCE is a more meaningful measure to investors of the net asset value of the Company. For corresponding reconciliation of TCE to a GAAP financial measure see Reconciliation of GAAP to non-GAAP Data schedule.

<sup>2</sup> Tier 1 Common Capital Ratio is calculated using tier 1 common capital, a non-GAAP measure. The Company believes the tier 1 common capital ratio is meaningful to investors to assess the quality and composition of the Company's capital. For corresponding reconciliation of tier 1 common capital to a GAAP financial measure see Reconciliation of GAAP to non-GAAP Data schedule.

<sup>3</sup> Excludes investments pledged to the Federal Reserve, which is included within the liquidity portfolio.

Note: See Glossary of Financial Terms for definitions of financial terms.

**DISCOVER FINANCIAL SERVICES**  
**AVERAGE BALANCE SHEET**  
(unaudited, in millions)

|   | Quarter Ended   |                 |                 |                 |                 | June 30, 2014 vs. June 30, 2013 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------------|
|   | Jun 30, 2014    | Mar 31, 2014    | Dec 31, 2013    | Sep 30, 2013    | Jun 30, 2013    |                                 |
| <b><u>AVERAGE BALANCES</u></b>                    |                 |                 |                 |                 |                 |                                 |
| <b>Assets</b>                                     |                 |                 |                 |                 |                 |                                 |
| Cash and Investment Securities                    | \$11,037        | \$11,244        | \$11,661        | \$9,732         | \$11,097        | (\$60) (1%)                     |
| Restricted Cash                                   | 563             | 1,768           | 488             | 438             | 1,176           | (613) (52%)                     |
| Credit Card Loans                                 | 51,718          | 51,347          | 50,957          | 50,017          | 49,002          | 2,716 6%                        |
| Private Student Loans                             | 8,301           | 8,377           | 8,124           | 7,941           | 7,925           | 376 5%                          |
| Personal Loans                                    | 4,426           | 4,259           | 4,114           | 3,843           | 3,511           | 915 26%                         |
| Other Loans                                       | 283             | 244             | 248             | 309             | 355             | (72) (20%)                      |
| <b>Total Loans</b>                                | <b>64,728</b>   | <b>64,227</b>   | <b>63,443</b>   | <b>62,110</b>   | <b>60,793</b>   | <b>3,935 6%</b>                 |
| Total Interest Earning Assets                     | 76,328          | 77,239          | 75,592          | 72,280          | 73,066          | 3,262 4%                        |
| Allowance for Loan Losses                         | (1,599)         | (1,678)         | (1,575)         | (1,564)         | (1,600)         | 1 0%                            |
| Other Assets                                      | 4,253           | 4,271           | 4,405           | 4,352           | 4,274           | (21) (0%)                       |
| <b>Total Assets</b>                               | <b>\$78,982</b> | <b>\$79,832</b> | <b>\$78,422</b> | <b>\$75,068</b> | <b>\$75,740</b> | <b>\$3,242 4%</b>               |
| <b>Liabilities and Stockholders' Equity</b>       |                 |                 |                 |                 |                 |                                 |
| Direct to Consumer and Affinity Deposits          | \$28,752        | \$28,572        | \$28,592        | \$29,009        | \$28,946        | (\$194) (1%)                    |
| Brokered Deposits and Other Deposits              | 15,638          | 16,280          | 15,669          | 13,414          | 13,756          | 1,882 14%                       |
| <b>Total Interest-bearing Deposits</b>            | <b>44,390</b>   | <b>44,852</b>   | <b>44,261</b>   | <b>42,423</b>   | <b>42,702</b>   | <b>1,688 4%</b>                 |
| Short-term Borrowings                             | 113             | 93              | 114             | 173             | 270             | (157) (58%)                     |
| Securitized Borrowings                            | 15,976          | 17,014          | 16,584          | 15,625          | 16,412          | (436) (3%)                      |
| Other Long-term Borrowings                        | 3,889           | 3,572           | 3,099           | 2,778           | 2,487           | 1,402 56%                       |
| <b>Total Interest-bearing Liabilities</b>         | <b>64,368</b>   | <b>65,531</b>   | <b>64,058</b>   | <b>60,999</b>   | <b>61,871</b>   | <b>2,497 4%</b>                 |
| Other Liabilities & Stockholders' Equity          | 14,614          | 14,301          | 14,364          | 14,069          | 13,869          | 745 5%                          |
| <b>Total Liabilities and Stockholders' Equity</b> | <b>\$78,982</b> | <b>\$79,832</b> | <b>\$78,422</b> | <b>\$75,068</b> | <b>\$75,740</b> | <b>\$3,242 4%</b>               |
| <b><u>AVERAGE RATES</u></b>                       |                 |                 |                 |                 |                 |                                 |
| <b>Assets</b>                                     |                 |                 |                 |                 |                 |                                 |
| Cash and Investment Securities                    | 0.76%           | 0.75%           | 0.77%           | 0.79%           | 0.82%           | (6) bps                         |
| Restricted Cash                                   | 0.08%           | 0.08%           | 0.06%           | 0.09%           | 0.11%           | (3) bps                         |
| Credit Card Loans                                 | 12.10%          | 12.14%          | 12.08%          | 12.00%          | 11.97%          | 13 bps                          |
| Private Student Loans                             | 6.84%           | 6.85%           | 6.63%           | 6.51%           | 6.52%           | 32 bps                          |
| Personal Loans                                    | 12.49%          | 12.54%          | 12.53%          | 12.57%          | 12.51%          | (2) bps                         |
| Other Loans                                       | 3.69%           | 3.27%           | 3.12%           | 3.43%           | 3.27%           | 42 bps                          |
| <b>Total Loans</b>                                | <b>11.42%</b>   | <b>11.44%</b>   | <b>11.38%</b>   | <b>11.29%</b>   | <b>11.24%</b>   | <b>18 bps</b>                   |
| Total Interest Earning Assets                     | 9.79%           | 9.62%           | 9.67%           | 9.81%           | 9.48%           | 31 bps                          |
| <b>Liabilities and Stockholders' Equity</b>       |                 |                 |                 |                 |                 |                                 |
| Direct to Consumer and Affinity Deposits          | 1.27%           | 1.29%           | 1.33%           | 1.42%           | 1.50%           | (23) bps                        |
| Brokered Deposits and Other Deposits              | 1.54%           | 1.54%           | 1.58%           | 1.92%           | 2.21%           | (67) bps                        |
| <b>Total Interest-bearing Deposits</b>            | <b>1.37%</b>    | <b>1.38%</b>    | <b>1.42%</b>    | <b>1.58%</b>    | <b>1.73%</b>    | <b>(36) bps</b>                 |
| Short-term Borrowings                             | 1.60%           | 1.90%           | 2.04%           | 1.78%           | 1.36%           | 24 bps                          |
| Securitized Borrowings                            | 1.74%           | 1.67%           | 1.65%           | 1.70%           | 1.78%           | (4) bps                         |
| Other Long-term Borrowings                        | 5.54%           | 5.24%           | 5.78%           | 5.91%           | 6.26%           | (72) bps                        |
| <b>Total Interest-bearing Liabilities</b>         | <b>1.71%</b>    | <b>1.67%</b>    | <b>1.69%</b>    | <b>1.81%</b>    | <b>1.92%</b>    | <b>(21) bps</b>                 |
| Net Interest Margin                               | 9.84%           | 9.87%           | 9.81%           | 9.64%           | 9.44%           | 40 bps                          |
| Net Yield on Interest-earning Assets              | 8.35%           | 8.21%           | 8.23%           | 8.28%           | 7.85%           | 50 bps                          |

Note: See Glossary of Financial Terms for definitions of financial terms.

**DISCOVER FINANCIAL SERVICES**

**LOAN STATISTICS**

(unaudited, in millions)

|  | Quarter Ended |              |              |              |              | June 30, 2014 vs. June 30, 2013 |      | Six Months Ended |              |               |      |
|--|---------------|--------------|--------------|--------------|--------------|---------------------------------|------|------------------|--------------|---------------|------|
|  | Jun 30, 2014  | Mar 31, 2014 | Dec 31, 2013 | Sep 30, 2013 | Jun 30, 2013 |                                 |      | Jun 30, 2014     | Jun 30, 2013 | 2014 vs. 2013 |      |
| <b>TOTAL LOAN RECEIVABLES</b>                                    |               |              |              |              |              |                                 |      |                  |              |               |      |
| Ending Loans <sup>1,2</sup>                                      | \$65,875      | \$63,852     | \$65,771     | \$62,738     | \$61,703     | \$4,172                         | 7%   | \$65,875         | \$61,703     | \$4,172       | 7%   |
| Average Loans <sup>1,2</sup>                                     | \$64,728      | \$64,227     | \$63,443     | \$62,110     | \$60,793     | \$3,935                         | 6%   | \$64,479         | \$60,848     | \$3,631       | 6%   |
| Interest Yield   | 11.42%        | 11.44%       | 11.38%       | 11.29%       | 11.24%       | 18 bps                          |      | 11.43%           | 11.23%       | 20 bps        |      |
| Gross Principal Charge-off Rate                                  | 2.82%         | 2.82%        | 2.63%        | 2.66%        | 2.99%        | (17) bps                        |      | 2.82%            | 2.99%        | (17) bps      |      |
| Gross Principal Charge-off Rate excluding PCI Loans <sup>3</sup> | 3.01%         | 3.01%        | 2.82%        | 2.86%        | 3.23%        | (22) bps                        |      | 3.01%            | 3.23%        | (22) bps      |      |
| Net Principal Charge-off Rate                                    | 2.08%         | 2.08%        | 1.90%        | 1.86%        | 2.10%        | (2) bps                         |      | 2.08%            | 2.09%        | (1) bps       |      |
| Net Principal Charge-off Rate excluding PCI Loans <sup>3</sup>   | 2.22%         | 2.22%        | 2.03%        | 2.00%        | 2.27%        | (5) bps                         |      | 2.22%            | 2.26%        | (4) bps       |      |
| Delinquency Rate (over 30 days) excluding PCI Loans <sup>3</sup> | 1.56%         | 1.65%        | 1.64%        | 1.60%        | 1.50%        | 6 bps                           |      | 1.56%            | 1.50%        | 6 bps         |      |
| Delinquency Rate (over 90 days) excluding PCI Loans <sup>3</sup> | 0.73%         | 0.80%        | 0.77%        | 0.72%        | 0.73%        | - bps                           |      | 0.73%            | 0.73%        | - bps         |      |
| Gross Principal Charge-off Dollars                               | \$455         | \$447        | \$421        | \$416        | \$453        | \$2                             | 0%   | \$902            | \$903        | (\$1)         | (0%) |
| Net Principal Charge-off Dollars                                 | \$337         | \$329        | \$304        | \$291        | \$318        | \$19                            | 6%   | \$666            | \$631        | \$35          | 6%   |
| Net Interest and Fee Charge-off Dollars                          | \$87          | \$89         | \$82         | \$79         | \$85         | \$2                             | 2%   | \$176            | \$177        | (\$1)         | (1%) |
| Loans Delinquent Over 30 Days <sup>3</sup>                       | \$964         | \$985        | \$1,010      | \$933        | \$861        | \$103                           | 12%  | \$964            | \$861        | \$103         | 12%  |
| Loans Delinquent Over 90 Days <sup>3</sup>                       | \$451         | \$478        | \$475        | \$421        | \$419        | \$32                            | 8%   | \$451            | \$419        | \$32          | 8%   |
| Allowance for Loan Loss (period end)                             | \$1,614       | \$1,591      | \$1,648      | \$1,598      | \$1,556      | \$58                            | 4%   | \$1,614          | \$1,556      | \$58          | 4%   |
| Change in Loan Loss Reserves                                     | \$23          | (\$57)       | \$50         | \$42         | (\$78)       | \$101                           | 129% | (\$34)           | (\$232)      | \$198         | 85%  |
| Reserve Rate   | 2.45%         | 2.49%        | 2.51%        | 2.55%        | 2.52%        | (7) bps                         |      | 2.45%            | 2.52%        | (7) bps       |      |
| Reserve Rate Excluding PCI Loans <sup>3</sup>                    | 2.56%         | 2.61%        | 2.63%        | 2.73%        | 2.72%        | (16) bps                        |      | 2.56%            | 2.72%        | (16) bps      |      |
| <b>CREDIT CARD LOANS</b>   |               |              |              |              |              |                                 |      |                  |              |               |      |
| Ending Loans   | \$52,742      | \$50,879     | \$53,150     | \$50,360     | \$49,791     | \$2,951                         | 6%   | \$52,742         | \$49,791     | \$2,951       | 6%   |
| Average Loans  | \$51,718      | \$51,347     | \$50,957     | \$50,017     | \$49,002     | \$2,716                         | 6%   | \$51,534         | \$49,134     | \$2,400       | 5%   |
| Interest Yield   | 12.10%        | 12.14%       | 12.08%       | 12.00%       | 11.97%       | 13 bps                          |      | 12.12%           | 11.96%       | 16 bps        |      |
| Gross Principal Charge-off Rate                                  | 3.22%         | 3.22%        | 2.98%        | 3.02%        | 3.41%        | (19) bps                        |      | 3.22%            | 3.45%        | (23) bps      |      |
| Net Principal Charge-off Rate                                    | 2.33%         | 2.32%        | 2.09%        | 2.05%        | 2.34%        | (1) bps                         |      | 2.32%            | 2.35%        | (3) bps       |      |
| Delinquency Rate (over 30 days)                                  | 1.63%         | 1.72%        | 1.72%        | 1.67%        | 1.58%        | 5 bps                           |      | 1.63%            | 1.58%        | 5 bps         |      |
| Delinquency Rate (over 90 days)                                  | 0.80%         | 0.87%        | 0.84%        | 0.78%        | 0.80%        | - bps                           |      | 0.80%            | 0.80%        | - bps         |      |
| Gross Principal Charge-off Dollars                               | \$415         | \$408        | \$384        | \$381        | \$417        | (\$2)                           | (0%) | \$823            | \$839        | (\$16)        | (2%) |
| Net Principal Charge-off Dollars                                 | \$300         | \$294        | \$269        | \$258        | \$286        | \$14                            | 5%   | \$594            | \$573        | \$21          | 4%   |
| Loans Delinquent Over 30 Days                                    | \$860         | \$876        | \$912        | \$843        | \$789        | \$71                            | 9%   | \$860            | \$789        | \$71          | 9%   |
| Loans Delinquent Over 90 Days                                    | \$420         | \$442        | \$447        | \$395        | \$398        | \$22                            | 6%   | \$420            | \$398        | \$22          | 6%   |
| Allowance for Loan Loss (period end)                             | \$1,359       | \$1,342      | \$1,406      | \$1,393      | \$1,360      | (\$1)                           | (0%) | \$1,359          | \$1,360      | (\$1)         | (0%) |
| Change in Loan Loss Reserves                                     | \$17          | (\$64)       | \$13         | \$33         | (\$93)       | \$110                           | 118% | (\$47)           | (\$253)      | \$206         | 81%  |
| Reserve Rate   | 2.58%         | 2.64%        | 2.65%        | 2.77%        | 2.73%        | (15) bps                        |      | 2.58%            | 2.73%        | (15) bps      |      |
| Total Discover Card Volume                                       | \$31,732      | \$28,077     | \$31,755     | \$30,275     | \$29,684     | \$2,048                         | 7%   | \$59,809         | \$56,564     | \$3,245       | 6%   |
| Discover Card Sales Volume                                       | \$29,341      | \$25,697     | \$29,530     | \$27,989     | \$27,574     | \$1,767                         | 6%   | \$55,038         | \$52,438     | \$2,600       | 5%   |

<sup>1</sup> Total Loans includes mortgages and other loans.

<sup>2</sup> Purchased Credit Impaired ("PCI") loans are loans that were acquired in which a deterioration in credit quality occurred between the origination date and the acquisition date. These loans were initially recorded at fair value and accrete interest income over the estimated lives of the loans as long as cash flows are reasonably estimable, even if the loans are contractually past due. PCI loans are private student loans and are included in total loan receivables.

<sup>3</sup> Excludes PCI loans (described above) which are accounted for on a pooled basis. Since a pool is accounted for as a single asset with a single composite interest rate and aggregate expectation of cash flows, the past-due status of a pool, or that of the individual loans within a pool, is not meaningful. Because the company is recognizing interest income on a pool of loans, it is all considered to be performing.

Note: See Glossary of Financial Terms for definitions of financial terms.

**DISCOVER FINANCIAL SERVICES**  
**LOAN STATISTICS**  
(unaudited, in millions)

|  | Quarter Ended |              |              |              |              | June 30, 2014 vs. June 30, 2013 |       | Six Months Ended |              | 2014 vs. 2013 |       |
|--|---------------|--------------|--------------|--------------|--------------|---------------------------------|-------|------------------|--------------|---------------|-------|
|  | Jun 30, 2014  | Mar 31, 2014 | Dec 31, 2013 | Sep 30, 2013 | Jun 30, 2013 |                                 |       | Jun 30, 2014     | Jun 30, 2013 |               |       |
| <b><u>PRIVATE STUDENT LOANS</u></b>                              |               |              |              |              |              |                                 |       |                  |              |               |       |
| Ending Loans   | \$8,251       | \$8,372      | \$8,148      | \$8,125      | \$7,881      | \$370                           | 5%    | \$8,251          | \$7,881      | \$370         | 5%    |
| Ending PCI Loans <sup>1</sup>                                    | \$3,915       | \$4,046      | \$4,178      | \$4,303      | \$4,434      | (\$519)                         | (12%) | \$3,915          | \$4,434      | (\$519)       | (12%) |
| Interest Yield   | 6.84%         | 6.85%        | 6.63%        | 6.51%        | 6.52%        | 32                              | bps   | 6.84%            | 6.52%        | 32            | bps   |
| Net Principal Charge-off Rate                                    | 0.68%         | 0.67%        | 0.67%        | 0.60%        | 0.68%        | -                               | bps   | 0.67%            | 0.51%        | 16            | bps   |
| Net Principal Charge-off Rate excluding PCI Loans <sup>2</sup>   | 1.30%         | 1.31%        | 1.41%        | 1.33%        | 1.58%        | (28)                            | bps   | 1.31%            | 1.21%        | 10            | bps   |
| Delinquency Rate (over 30 days) excluding PCI Loans <sup>2</sup> | 1.66%         | 1.79%        | 1.66%        | 1.60%        | 1.38%        | 28                              | bps   | 1.66%            | 1.38%        | 28            | bps   |
| Reserve Rate   | 1.55%         | 1.45%        | 1.39%        | 1.02%        | 1.04%        | 51                              | bps   | 1.55%            | 1.04%        | 51            | bps   |
| Reserve Rate Excluding PCI Loans <sup>2</sup>                    | 2.29%         | 2.16%        | 2.14%        | 2.18%        | 2.38%        | (9)                             | bps   | 2.29%            | 2.38%        | (9)           | bps   |
| <b><u>PERSONAL LOANS</u></b>                                     |               |              |              |              |              |                                 |       |                  |              |               |       |
| Ending Loans   | \$4,579       | \$4,310      | \$4,191      | \$3,995      | \$3,630      | \$949                           | 26%   | \$4,579          | \$3,630      | \$949         | 26%   |
| Interest Yield   | 12.49%        | 12.54%       | 12.53%       | 12.57%       | 12.51%       | (2)                             | bps   | 12.52%           | 12.49%       | 3             | bps   |
| Net Principal Charge-off Rate                                    | 1.95%         | 2.07%        | 2.00%        | 2.01%        | 2.24%        | (29)                            | bps   | 2.01%            | 2.27%        | (26)          | bps   |
| Delinquency Rate (over 30 days)                                  | 0.66%         | 0.68%        | 0.70%        | 0.65%        | 0.64%        | 2                               | bps   | 0.66%            | 0.64%        | 2             | bps   |
| Reserve Rate   | 2.37%         | 2.52%        | 2.67%        | 2.66%        | 2.70%        | (33)                            | bps   | 2.37%            | 2.70%        | (33)          | bps   |

<sup>1</sup> Purchased Credit Impaired ("PCI") loans are loans that were acquired in which a deterioration in credit quality occurred between the origination date and the acquisition date. These loans were initially recorded at fair value and accrete interest income over the estimated lives of the loans as long as cash flows are reasonably estimable, even if the loans are contractually past due. PCI loans are private student loans and are included in total loan receivables.

<sup>2</sup> Excludes PCI loans (described above) which are accounted for on a pooled basis. Since a pool is accounted for as a single asset with a single composite interest rate and aggregate expectation of cash flows, the past-due status of a pool, or that of the individual loans within a pool, is not meaningful. Because the company is recognizing interest income on a pool of loans, it is all considered to be performing.

Note: See Glossary of Financial Terms for definitions of financial terms.

**DISCOVER FINANCIAL SERVICES**  
**SEGMENT RESULTS**  
(unaudited, in millions)

|                                   | Quarter Ended |              |              |              |              | June 30, 2014 vs. June 30, 2013 |        | Six Months Ended |              | 2014 vs. 2013 |       |
|-----------------------------------|---------------|--------------|--------------|--------------|--------------|---------------------------------|--------|------------------|--------------|---------------|-------|
|                                   | Jun 30, 2014  | Mar 31, 2014 | Dec 31, 2013 | Sep 30, 2013 | Jun 30, 2013 |                                 |        | Jun 30, 2014     | Jun 30, 2013 |               |       |
| <b><u>DIRECT BANKING</u></b>      |               |              |              |              |              |                                 |        |                  |              |               |       |
| Interest Income                   | \$1,863       | \$1,833      | \$1,842      | \$1,787      | \$1,727      | \$136                           | 8%     | \$3,696          | \$3,435      | \$261         | 8%    |
| Interest Expense                  | 274           | 270          | 273          | 278          | 297          | (23)                            | (8%)   | 544              | 595          | (51)          | (9%)  |
| Net Interest Income               | 1,589         | 1,563        | 1,569        | 1,509        | 1,430        | 159                             | 11%    | 3,152            | 2,840        | 312           | 11%   |
| Other Income                      | 503           | 436          | 475          | 475          | 531          | (28)                            | (5%)   | 939              | 1,026        | (87)          | (8%)  |
| Revenue Net of Interest Expense   | 2,092         | 1,999        | 2,044        | 1,984        | 1,961        | 131                             | 7%     | 4,091            | 3,866        | 225           | 6%    |
| Provision for Loan Losses         | 360           | 270          | 352          | 333          | 225          | 135                             | 60%    | 630              | 384          | 246           | 64%   |
| Total Other Expense               | 748           | 735          | 781          | 733          | 734          | 14                              | 2%     | 1,483            | 1,447        | 36            | 2%    |
| Income Before Income Taxes        | \$984         | \$994        | \$911        | \$918        | \$1,002      | (\$18)                          | (2%)   | \$1,978          | \$2,035      | (\$57)        | (3%)  |
| Net Interest Margin               | 9.85%         | 9.88%        | 9.82%        | 9.65%        | 9.44%        | 41 bps                          |        | 9.87%            | 9.41%        | 46 bps        |       |
| Pretax Return on Loan Receivables | 6.10%         | 6.29%        | 5.70%        | 5.88%        | 6.61%        | (51) bps                        |        | 6.19%            | 6.74%        | (55) bps      |       |
| <b><u>PAYMENT SERVICES</u></b>    |               |              |              |              |              |                                 |        |                  |              |               |       |
| Interest Income                   | \$-           | \$-          | \$-          | \$-          | \$-          | \$-                             | NM     | \$-              | \$-          | \$-           | NM    |
| Interest Expense                  | -             | -            | -            | -            | -            | -                               | NM     | -                | -            | -             | NM    |
| Net Interest Income               | -             | -            | -            | -            | -            | -                               | NM     | -                | -            | -             | NM    |
| Other Income                      | 80            | 79           | 85           | 78           | 80           | -                               | 0%     | 159              | 167          | (8)           | (5%)  |
| Revenue Net of Interest Expense   | 80            | 79           | 85           | 78           | 80           | -                               | 0%     | 159              | 167          | (8)           | (5%)  |
| Provision for Loan Losses         | -             | 2            | 2            | -            | 15           | (15)                            | (100%) | 2                | 15           | (13)          | (87%) |
| Total Other Expense               | 49            | 49           | 57           | 50           | 86           | (37)                            | (43%)  | 98               | 126          | (28)          | (22%) |
| Income Before Income Taxes        | \$31          | \$28         | \$26         | \$28         | (\$21)       | \$52                            | NM     | \$59             | \$26         | \$33          | 127%  |

Note: See Glossary of Financial Terms for definitions of financial terms.

**DISCOVER FINANCIAL SERVICES  
GLOSSARY OF FINANCIAL TERMS**

**Book Value per share** represents total equity divided by ending common shares outstanding.

**Delinquency Rate (Over 30 Days)** represents loans delinquent over thirty days divided by ending loans (total or respective loans, as appropriate).

**Delinquency Rate (Over 90 Days)** represents loans delinquent over ninety days divided by ending loans (total or respective loans, as appropriate).

**Earnings Per Share** represents net income allocated to common stockholders divided by the weighted average common shares outstanding.

**Effective Tax Rate** represents tax expense divided by income before income taxes.

**Gross Principal Charge-off Rate** represents gross principal charge-off dollars (annualized) divided by average loans for the reporting period.

**Interest Yield** represents interest income on loan receivables (annualized) divided by average loans for the reporting period.

**Liquidity Portfolio** represents cash and cash equivalents (excluding cash-in-process) and other investments.

**Net Income Allocated to Common Stockholders** represents net income less (i) dividends and accretion of discount on shares of preferred stock and (ii) income allocated to participating securities.

**Net Interest Margin** represents net interest income (annualized) divided by average total loans for the period.

**Net Principal Charge-off Rate** represents net principal charge-off dollars (annualized) divided by average loans for the reporting period.

**Pretax Return on Loan Receivables** represents income before income taxes (annualized) divided by total average loans for the period.

**Proprietary Network Volume** represents gross proprietary sales volume on the Discover Network.

**Regulatory Capital Ratios** are regulatory measures used to evaluate capital adequacy. To be considered "well-capitalized," total risk-based, tier 1 risk-based, and tier 1 leverage ratios of 10%, 6% and 5% respectively must be maintained. Total Risk Based Capital Ratio represents total capital divided by risk-weighted assets. Tier 1 Capital Ratio represents tier 1 capital divided by risk-weighted assets. Tier 1 Leverage Ratio represents tier 1 capital divided by average total assets. Tier 1 Common Capital Ratio represents tier 1 common capital, a non-GAAP measure, divided by risk-weighted assets. For corresponding reconciliation of tier 1 common capital to a GAAP financial measure, see Reconciliation of GAAP to Non-GAAP Data schedule.

**Reserve Rate** represents the allowance for loan losses divided by total loans.

**Return on Equity** represents net income (annualized) divided by average total equity for the reporting period.

**Tangible Assets** represents total assets less goodwill and intangibles.

**Tangible Common Equity ("TCE")**, a non-GAAP financial measure, represents total common equity less goodwill and intangibles. The Company believes TCE is a more meaningful measure to investors of the net asset value of the Company. For corresponding reconciliation of TCE to a GAAP financial measure, see Reconciliation of GAAP to Non-GAAP Data schedule.

**Tangible Common Equity/Net Loans**, a non-GAAP measure, represents total common equity less goodwill and intangibles divided by total loans less the allowance for loan loss (period end).

**Tangible Common Equity per Share**, a non-GAAP measure, represents total common equity less goodwill and intangibles divided by ending common shares outstanding.

**Tangible Common Equity/Tangible Assets**, a non-GAAP measure, represents total common equity less goodwill and intangibles divided by total assets less goodwill and intangibles.

**Undrawn Credit Facilities** represents asset-backed conduit funding facilities and Federal Reserve discount window (excluding investments pledged to the Federal Reserve, which are included within the liquidity investment portfolio).



**DISCOVER FINANCIAL SERVICES**  
**RECONCILIATION OF GAAP TO NON-GAAP DATA**  
(unaudited, in millions)

|  | Quarter Ended   |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | Jun 30,<br>2014 | Mar 31,<br>2014 | Dec 31,<br>2013 | Sep 30,<br>2013 | Jun 30,<br>2013 |
| GAAP total common equity   | \$10,821        | \$10,461        | \$10,249        | \$10,042        | \$9,888         |
| Less: Goodwill   | (284)           | (284)           | (284)           | (284)           | (284)           |
| Less: Intangibles  | (179)           | (182)           | (185)           | (188)           | (191)           |
| Tangible common equity <sup>1</sup>  | \$10,358        | \$9,995         | \$9,780         | \$9,570         | \$9,413         |
| Effect of certain items in accumulated other comprehensive income (loss) excluded from tier 1 common capital | 73              | 71              | 69              | 110             | 106             |
| Total tier 1 common capital <sup>2</sup>   | <u>\$10,431</u> | <u>\$10,066</u> | <u>\$9,849</u>  | <u>\$9,680</u>  | <u>\$9,519</u>  |
| Risk weighted assets   | \$68,755        | \$67,365        | \$68,649        | \$65,741        | \$65,087        |
| Tier 1 common capital ratio <sup>3</sup>   | 15.2%           | 14.9%           | 14.3%           | 14.7%           | 14.6%           |
| GAAP book value per share  | \$24.46         | \$23.53         | \$22.89         | \$22.14         | \$21.52         |
| Less: Goodwill   | (0.62)          | (0.60)          | (0.60)          | (0.59)          | (0.59)          |
| Less: Intangibles  | (0.38)          | (0.39)          | (0.39)          | (0.39)          | (0.40)          |
| Less: Preferred Stock  | (1.20)          | (1.20)          | (1.19)          | (1.17)          | (1.15)          |
| Tangible common equity per share   | <u>\$22.26</u>  | <u>\$21.34</u>  | <u>\$20.71</u>  | <u>\$19.99</u>  | <u>\$19.38</u>  |

<sup>1</sup> Tangible common equity ("TCE"), a non-GAAP financial measure, represents common equity less goodwill and intangibles. A reconciliation of TCE to common equity, a GAAP financial measure, is shown above. Other financial services companies may also use TCE and definitions may vary, so we advise users of this information to exercise caution in comparing TCE of different companies. TCE is included because management believes that common equity excluding goodwill and intangibles is a more meaningful measure to investors of the true net asset value of the company.

<sup>2</sup> Tier 1 common capital, a non-GAAP financial measure, represents common equity and the effect of certain items in accumulated other comprehensive income (loss) excluded from tier 1 common capital, less goodwill and intangibles. A reconciliation of tier 1 common capital to common equity, a GAAP financial measure, is shown above. Other financial services companies may also use tier 1 common capital and definitions may vary, so we advise users of this information to exercise caution in comparing tier 1 common capital of different companies. Tier 1 common capital is included to support the tier 1 common capital ratio which is meaningful to investors to assess the quality and composition of the Company's capital.

<sup>3</sup> Tier 1 common capital ratio is calculated using tier 1 common capital, a non-GAAP measure, divided by risk weighted assets.