

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): JULY 28, 1997

OCWEN FINANCIAL CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

FLORIDA  
(STATE OR OTHER  
JURISDICTION  
OF INCORPORATION)

0-21341  
(COMMISSION  
FILE NUMBER)

65-0039856  
(I.R.S. EMPLOYER  
IDENTIFICATION NO.)

THE FORUM, SUITE 1000  
1675 PALM BEACH LAKES BOULEVARD, WEST PALM BEACH, FLORIDA 33401  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE)

(561) 681-8000  
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

N/A  
(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT)

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ITEM 5. OTHER EVENTS

The news release of Ocwen Financial Corporation dated July 28, 1997, regarding its financial results for the three and six month periods ended June 30, 1997, including unaudited consolidated financial statements for the three and six month periods ended June 30, 1997, are attached and filed herewith as Exhibit 99.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

The following exhibit is filed as part of this report:

(99) News release of Ocwen Financial Corporation  
dated July 28, 1997.

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, hereunto duly authorized.

OCWEN FINANCIAL CORPORATION  
(Registrant)

By: /s/ Mark S. Zeidman

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Mark S. Zeidman  
Senior Vice President and  
Chief Financial Officer

Date: July 28, 1997

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NEWS RELEASE: IMMEDIATE

July 28, 1997

OCWEN FINANCIAL CORPORATION REPORTS SECOND QUARTER RESULTS

Ocwen Financial Corporation ("Ocwen" or the "Company") reported net income of \$18.8 million in the second quarter of 1997, 57% higher than the second quarter of 1996. Earnings per share for the quarter were \$0.69 versus \$0.45 for the same period a year ago. The Company's annualized return on average assets and annualized return on average common equity were 2.75% and 32.29%, respectively, in the second quarter of 1997 compared with 2.27% and 32.30%, respectively, in the second quarter 1996.

Net income for the first six months of 1997 totaled \$35.8 million, up 138% from the same period in 1996. Earnings per share were \$1.32 for the six months ended June 30, 1997 versus \$0.57 for the same period in 1996.

SECOND QUARTER AND SIX MONTHS RESULTS AT A GLANCE

	Second Quarter		Six Months	
In thousands of dollars, except per share data	1997	1996	1997	1996
Revenues	\$62,664	\$33,744	\$115,751	\$ 56,860
Provision for loan losses	(7,909)	(4,964)	(17,651)	(14,370)
Operating expenses	(30,837)	(13,870)	(53,534)	(25,554)
Income tax expense	(5,126)	(2,911)	(8,733)	(1,910)
Net income	\$18,792	\$11,999	\$35,833	\$15,026
Net income per share	\$ 0.69	\$ 0.45	\$ 1.32	\$ 0.57

ALL REFERENCES BELOW REGARDING CHANGES ARE BASED ON COMPARISONS TO THE SAME PERIOD A YEAR AGO.

Revenues rose \$28.9 million or 86% in the second quarter of 1997 from a year ago and were up 104% for the first six months of 1997.

- o Non-interest income increased \$25.2 million or 313% to \$33.3 million in the second quarter of 1997. This increase is due primarily to the \$23.4 million of gains on sales of interest earning assets in the second quarter of 1997 which is primarily comprised of a \$16.8 million net gain earned in connection with the securitization of single-family residential discount mortgage loans and a \$4.5 million gain in connection with securitization of single-family loans to non-conforming borrowers. Also contributing to the increase in non-interest income is a \$3.4 million increase in servicing fees and other charges which reflects a significant increase in loans serviced for others. In the first six months of 1997, non-interest income rose 381% to \$54.6 million.
- o Net interest income before provision for loan losses increased \$3.5 million or 14% to \$28.1 million in the second quarter of 1997. In the first six months of 1997, net interest income increased \$1.0 million or 2% to \$45.4 million. The increases in net interest income during 1997 were largely due to significant increases in the average balance of interest-earning assets, primarily discount loans, offset in part by a decline in net interest margin.
- o Equity in earnings of the Company's 50% investment in a joint venture, which began operations in the second quarter of 1996, amounted to \$1.3 million in the second quarter of 1997 as compared to \$1.1 million in the second quarter of 1996. Equity in earnings of investment in joint venture amounted to \$15.7 million for the first six months of 1997.

Contact: Christine A. Reich, Managing Director (561) 681-8569

Operating expenses rose \$17.0 million or 122% in the second quarter of 1997.

- o Compensation and employee benefits increased \$11.1 million or 130% primarily due to an increase in the average number of full time equivalent employees and increased employee profit sharing expenses in line with improved earnings.
- o Occupancy and equipment expense increased \$1.8 million or 82%.
- o Other operating expenses increased \$3.6 million or 102%.

Operating expenses increased \$28.0 million or 109% in the first six months of 1997.

Ocwen Federal Bank FSB (the "Bank"), the Company's primary subsidiary, reported net income for the second quarter of 1997 of \$22.1 million as compared to \$11.9 million for 1996. The Bank's net income for the first six months of 1997 and

1996 amounted to \$40.7 and \$15.4 million, respectively. At June 30, 1997 the Bank's core capital and total risk-based capital ratios were 9.40% and 13.81%, respectively.

#### RECENT DEVELOPMENTS

On June 10, 1997 the Company filed a Form S-1 registration statement with the Securities and Exchange Commission ("SEC") to offer to the public 3,000,000 shares (plus up to 450,000 shares pursuant to the underwriters' over-allotment options) of newly-issued common stock. Concurrently with the common stock offering, Ocwen Capital Trust I, a newly formed Delaware business trust and subsidiary of Ocwen, filed a Form S-1 registration statement with the SEC to offer \$125.0 million of capital securities. In addition, the Company has applied to list its common stock on the New York Stock Exchange.

On June 23, 1997, the Company completed the securitization of 1,783 single-family residential discount loans with an aggregate unpaid principal balance of \$170.6 million. The Company recorded a net gain of \$16.8 million on the sale of the senior classes of securities in connection with this transaction. The Company continues to service the loans for a fee and has retained an interest in the related subordinate class security.

On June 27, 1997, the Company completed the securitization of 896 sub-prime single-family residential mortgage loans with an aggregate unpaid principal balance of \$104.8 million. The Company recorded total gains of \$4.5 million on the sale of the senior classes of securities in connection with this transaction. The Company continues to service the loans for a fee and has retained an interest in the related residual class security.

During July 1997 the Company sold a 69% partnership interest in the Westin Hotel for a minimal gain.

Currently the Company is one of only five special servicers of commercial mortgage loans to have received a rating of "strong" from Standard & Poors Ratings Services. In addition, the Company is rated a Tier 1 servicer and as a preferred servicer for high-risk mortgages by the Federal Home Loan Mortgage Corporation, the highest rating categories.

THE REMAINDER OF THIS RELEASE CONTAINS INFORMATION ON SPECIFIC AREAS OF RESULTS, A FINANCIAL SUMMARY, AND THE CONSOLIDATED FINANCIAL STATEMENTS.

## REVENUES

### NET INTEREST INCOME

Interest income of \$66.9 million for the second quarter of 1997 increased by \$15.4 million or 30% over that of the second quarter of 1996 as a result of an \$816.5 million or 54% increase in the average balance of interest-earning assets offset in part by a 210 basis point decline in the average yield earned. The average yield on interest-earning assets was 11.47% and 13.57% in the second quarter of 1997 and 1996, respectively, and 10.79% and 12.65% in the first six months of 1997 and 1996, respectively. The decline in yields for these periods in 1997 was primarily attributable to increases in the average balance of single-family discount loans held coupled with the Company's decision to cease accretion of discount on such loans effective January 1, 1997. As a result of the Company's decision to cease accretion of discount, the Company now recognizes income on its nonperforming single-family loans at the time of payoff or sale rather than over the anticipated holding period.

Interest expense of \$38.9 million for the second quarter of 1997 increased by \$12.0 million or 44% over the comparable period in the prior year as a result of a \$695.9 million or 42% increase in the average balance of interest-bearing liabilities and an 11 basis point increase in the average rate paid. For the first six months of 1997, interest expense amounted to \$76.0 million, a \$21.0 million or 38% increase over the same period of the prior year.

As a result of the above, net interest income before provision for loan losses of \$28.1 million for the second quarter of 1997 increased by \$3.5 million or 14% from the second quarter of 1996 and the net interest margin for the second quarter of 1997 declined to 4.81% from 6.48% for the second quarter of 1996. Net interest income of \$45.4 million for the first six months of 1997 increased \$1.0 million or 2% over the comparable period of the prior year and the net interest margin declined 161 basis points to 4.04%.

### EQUITY IN EARNINGS OF INVESTMENT IN JOINT VENTURE

During the second quarter of 1997, the Company recorded \$1.3 million of income related to its 50% investment in the joint venture established in April 1996 as compared to \$1.1 million in the second quarter of 1996. The Company's pro rata share of the income from the joint venture in the second quarter of 1997 consisted primarily of net interest income. Equity in earnings of investment in joint venture amounted to \$15.7 million for the first six months of 1997 and includes \$9.2 million of net gains related to the securitization of single-family residential loans in the first quarter. The Company acts as the servicer for the loans previously securitized as well as the remaining loans held by the joint venture.

### NON-INTEREST INCOME

Non-interest income of \$33.3 million for the second quarter of 1997 increased by \$25.2 million from that of the second quarter of 1996 primarily due to an \$18.8 million increase in gains on sales of interest earning assets and a \$3.4 million increase in servicing fees and other charges. Gains on sales of interest earning assets for the second quarter of 1997 of \$23.4 million is primarily comprised of a \$16.8 million net gain recognized in connection with the securitization of 1,783 single-family residential discount mortgage loans with an aggregate unpaid balance of \$170.6 million, a \$4.5 million gain recognized in connection with the securitization of 896 sub-prime single-family residential mortgage loans with an aggregate unpaid principal balance of \$104.8 million and a \$2.6 million gain on the sale of mortgage-related securities to Ocwen Asset Investment Corp. Gains on sales of interest-earning assets for the first six months of 1997 increased by \$30.5 million from the same period in 1996 and includes a \$9.5 million gain earned during the first quarter in connection with the securitization of discount mortgage loans. Servicing fees and other charges increased \$9.3 million during the first six months of 1997 as compared to 1996 and includes \$1.1 million of fees earned during the first quarter in connection with the set up of loans transferred to the Company for servicing. The increases in servicing fees and other charges reflect an increase in loan servicing and related fees as a result of an increase in loans serviced for others. The

average unpaid principal balance of loans serviced for others amounted to \$2.50 billion and \$561.8 million during the second quarter of 1997 and 1996, respectively, and \$2.27 billion and \$450.3 million during the first six months of 1997 and 1996, respectively.

#### PROVISION FOR LOAN LOSSES

The Company's provision for loan losses amounted to \$7.9 million and \$5.0 million for the second quarter of 1997 and 1996, respectively, and \$17.7 million and \$14.4 million for the first six months of 1997 and 1996, respectively. At June 30, 1997 Ocwen had allowances for losses of \$19.9 million and \$5.4 million on its discount loan and loan portfolios, respectively, which amounted to 1.5% and 1.2% of the respective balances. The Company maintained reserves of 1.1% and 0.9% on its discount loans and loan portfolios, respectively, at December 31, 1996.

#### OPERATING EXPENSES

Non-interest expense of \$30.8 million for the second quarter of 1997 increased by \$17.0 million or 122% as compared to the same period for 1996. Compensation and employee benefits accounted for \$11.1 million of this increase, as the average number of employees increased to 823 from 373 and the accrual for employee profit sharing expense increased by \$3.3 million over that of the second quarter of 1996. Occupancy and equipment expense increased \$1.8 primarily due to an increase in data processing costs and general office equipment expenses. Other operating expenses increased \$3.6 primarily due to \$2.5 million of certain other one-time charges and a \$766,000 increase in loan related expenses. Non-interest expense of \$53.5 million for the first six months of 1997 increased \$28.0 million or 109% over the comparable period in the prior year, with compensation and employee benefits accounting for \$19.9 million of the increase.

#### INCOME TAXES

Income tax expense amounted to \$5.1 million and \$2.9 million during the second quarter of 1997 and 1996, respectively, and \$8.7 million and \$1.9 million for the first six months of 1997 and 1996, respectively. The Company's income tax expense is reported net of tax credits of \$2.9 million and \$2.5 million for the second quarter of 1997 and 1996, respectively, and \$6.5 million and \$4.9 million for the first six months of 1997 and 1996, respectively, resulting from investments in low-income housing tax credit interests. Exclusive of such amounts, the Company's effective tax rate amounted to 33.67% and 36.08% during the second quarter of 1997 and 1996, respectively, and 34.17% and 40.30% for the first six months of 1997 and 1996, respectively.

#### ASSETS

At June 30, 1997 the Company had \$2.79 billion of total assets as compared to \$2.48 billion at December 31, 1996. Ocwen acquired discount loans with a combined total unpaid principal balance of approximately \$400.0 million and \$843.0 million during the three and six months ended June 30, 1997, respectively.

The Bank had total assets of \$2.61 billion at June 30, 1997 as compared to \$2.40 billion at December 31, 1996.



## CAPITAL

Stockholders' equity increased 20% during the first six months of 1997 from \$203.6 million at December 31, 1996 to \$243.9 million at June 30, 1997. At June 30, 1997 stockholders' equity included \$7.1 million of net unrealized gains on securities available for sale, net of related deferred taxes of \$4.1 million, compared with \$3.5 million of net unrealized gains at December 31, 1996, net of related deferred taxes of \$2.0 million.

The Bank had total stockholders' equity of \$252.5 million and \$228.2 million at June 30, 1997 and December 31, 1996, respectively. The Bank's core and tangible capital ratios were 9.40% and its total risk-based capital ratio was 13.81% at June 30, 1997.

ATTACHED ARE THE FINANCIAL SUMMARY, THE AVERAGE BALANCE AND RATE ANALYSIS TABLE AND THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS WHICH ARE UNAUDITED.

OCWEN FINANCIAL CORPORATION  
FINANCIAL SUMMARY  
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	At or for the Three Months ended June 30,			At of for the Six Months ended June 30,		
	1997	1996	% CHANGE	1997	1996	% CHANGE
OPERATIONS DATA:						
Interest income	\$ 66,942	\$ 51,502	30%	\$ 121,469	\$ 99,457	22%
Interest expense	38,868	26,904	(44)	76,032	55,036	(38)
Net interest income	28,074	24,598	14	45,437	44,421	2
Provision for loan losses	7,909	4,964	(59)	17,651	14,370	(23)
Net interest income after provision for loan losses	20,165	19,634	3	27,786	30,051	(8)
Gain on sale of interest-earning assets, net	23,365	4,584	410	40,143	9,601	318
Other non-interest income	9,924	3,484	185	14,497	1,760	724
Total non-interest income	33,289	8,068	313	54,640	11,361	381
Non-interest expense	30,837	13,870	(122)	53,534	25,554	(109)
Equity in earnings of investment in joint venture	1,301	1,078	21	15,674	1,078	1,354
Income before income taxes	23,918	14,910	60	44,566	16,936	163
Income tax expense	5,126	2,911	(76)	8,733	1,910	(357)
Net income	\$ 18,792	\$ 11,999	57	\$ 35,833	\$ 15,026	138
Earnings per share	\$ 0.69	\$ 0.45	53	\$ 1.32	\$ 0.57	132
KEY RATIOS:						
Net interest spread	4.84%	7.05%	(31)%	4.18%	6.13%	(32)%
Net interest margin	4.81%	6.48%	(26)	4.04%	5.65%	(28)
Annualized Return on Average:						
Assets (1)	2.75%	2.27%	21	2.68%	1.48%	81
Equity	32.29%	32.30%	--	32.23%	20.67%	56
Efficiency Ratio (2)	49.21%	42.46%	16	46.25%	45.81%	1
AVERAGE BALANCES:						
Securities available for sale	\$ 308,267	\$ 281,970	9%	\$ 323,640	\$ 301,940	7%
Loan portfolio	447,591	296,106	51	435,642	299,243	46
Discount loan portfolio	1,350,151	587,159	130	1,234,186	616,350	100
Total interest-earning assets	2,334,115	1,517,572	54	2,251,951	1,572,250	43
Total assets	2,732,315	1,896,986	44	2,671,306	1,924,701	39
Deposits	2,075,371	1,460,725	(42)	2,032,980	1,477,638	(38)
Total interest-bearing liabilities	2,345,476	1,649,551	(42)	2,302,046	1,687,970	(36)
Total liabilities	2,499,557	1,748,387	(43)	2,448,920	1,779,302	(38)
Total stockholders' equity	232,758	148,599	57	222,386	145,399	53

- - - - -
- (1) Includes the Company's pro rata share of average assets held by the joint venture
- (2) Before provision for loan losses and including equity in earnings of investment in joint venture

OCWEN FINANCIAL CORPORATION  
AVERAGE BALANCE / RATE ANALYSIS

Three Months Ended June 30,						
1997			1996			
Average Balance	Interest	Annualized Yield/Rate	Average Balance	Interest	Annualized Yield/Rate	
(Dollars in thousands)						
AVERAGE ASSETS:						
Federal funds sold and repurchase agreements	\$ 63,192	\$ 795	5.03%	\$ 97,678	\$ 1,329	5.44%
Securities available for sale	308,267	6,509	8.45	281,970	6,284	8.91
Securities held for trading	--	--	--	--	--	--
Loans available for sale	135,801	3,973	11.70	218,719	4,887	8.94
Investment securities and other	29,113	745	10.24	35,940	1,335	14.86
Loan portfolio	447,591	10,674	9.54	296,106	7,764	10.49
Discount loan portfolio	1,350,151	44,246	13.11	587,159	29,903	20.37
Total interest-earning assets, interest income	2,334,115	66,942	11.47	1,517,572	51,502	13.57
Non-interest earning cash	12,204			6,639		
Allowance for loan losses	(21,441)			(11,771)		
Investments in low-income-housing tax credit interests	100,779			99,900		
Investment in joint ventures	30,128			55,440		
Real estate owned, net	102,527			142,010		
Other assets	174,002			87,196		
Total assets	\$ 2,732,315			\$ 1,896,986		
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing demand deposits	\$ 42,600	\$ 496	4.66	\$ 21,753	\$ 176	3.24
Savings deposits	2,037	12	2.36	3,423	19	2.22
Certificates of deposit	2,030,734	30,863	6.08	1,435,549	22,250	6.20
Total interest-bearing deposits	2,075,371	31,371	6.05	1,460,725	22,445	6.15
Notes, debentures and other	245,523	7,148	11.65	115,946	3,434	11.85
Securities sold under agreements to repurchase	14,272	204	5.72	2,481	32	5.16
Federal Home Loan Bank advances	10,310	145	5.63	70,399	993	5.64
Total interest-bearing liabilities, interest expense	2,345,476	38,868	6.63	1,649,551	26,904	6.52
Non-interest bearing deposits	28,147			4,284		
Escrow deposits	72,006			40,437		
Other liabilities	53,928			54,115		
Total liabilities	2,499,557			1,748,387		
Stockholders' equity	232,758			148,599		
Total liabilities and stockholders' equity	\$2,732,315			\$1,896,986		
Net interest income before provision for loan losses		\$28,074			\$24,598	

Six Months Ended June 30,						
	1997			1996		
	Average Balance -----	Interest -----	Annualized Yield/Rate -----	Average Balance -----	Interest -----	Annualized Yield/Rate -----
(Dollars in thousands)						
AVERAGE ASSETS:						
Federal funds sold and repurchase agreements	\$ 97,765	\$ 2,453	5.02%	\$ 77,435	\$ 2,098	5.42%
Securities available for sale	323,640	14,682	9.07	301,940	14,064	9.32
Securities held for trading	6,589	248	7.53	--	--	--
Loans available for sale	127,823	6,824	10.68	240,009	11,484	9.57
Investment securities and other	26,306	1,426	10.84	37,273	1,980	10.62
Loan portfolio	435,642	21,366	9.81	299,243	17,773	11.88
Discount loan portfolio	1,234,186	74,470	12.07	616,350	52,058	16.89
	-----	-----		-----	-----	
Total interest-earning assets, interest income	2,251,951	121,469	10.79	1,572,250	99,457	12.65
		-----			-----	
Non-interest earning cash	11,781			6,549		
Allowance for loan losses	(18,897)			(7,307)		
Investments in low-income housing tax credit interests	95,588			94,825		
Investment in joint ventures	46,882			27,720		
Real estate owned, net	107,377			152,499		
Other assets	176,625			78,165		
	-----			-----		
Total assets	\$ 2,671,306			\$1,924,701		
	=====			=====		
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing demand deposits	\$ 33,275	\$ 723	4.35	\$ 23,668	\$ 405	3.42
Savings deposits	2,328	27	2.32	3,434	40	2.33
Certificates of deposit	1,997,377	60,514	6.06	1,450,536	45,001	6.20
	-----	-----		-----	-----	
Total interest-bearing deposits	2,032,980	61,264	6.03	1,477,630	45,446	6.15
Notes, debentures and other	235,547	13,863	11.77	116,140	6,873	11.84
Securities sold under agreements to repurchase	17,603	477	5.42	23,793	685	5.76
Federal Home Loan Bank advances	15,916	428	5.38	70,399	2,032	5.77
	-----	-----		-----	-----	
Total interest-bearing liabilities, interest expense	2,302,046	76,032	6.61	1,687,970	55,036	6.52
		-----			-----	
Non-interest bearing deposits	20,765			4,039		
Escrow deposits	71,860			38,773		
Other liabilities	54,249			48,520		
	-----			-----		
Total liabilities	2,448,920			1,779,302		
Stockholders' equity	222,386			145,399		
	-----			-----		
Total liabilities and stockholder's equity	\$ 2,671,306			\$1,924,701		
	=====			=====		
Net interest income before provision for loan losses		\$ 45,437			\$ 44,421	
		=====			=====	

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(Dollars in thousands, except share data)

	JUNE 30, 1997 (UNAUDITED)	DECEMBER 31, 1996 (AUDITED)
	-----	-----
ASSETS		
Cash and amounts due from depository institutions	\$ 6,911	\$ 6,878
Interest bearing deposits	29,992	13,341
Federal funds sold and repurchase agreements	189,844	32,000
Securities held for trading	--	75,606
Securities available for sale, at market value	263,412	354,005
Loans available for sale, at lower of cost or market	103,627	126,366
Investment securities, net	38,821	8,901
Loan portfolio, net	433,663	402,582
Discount loan portfolio, net	1,295,120	1,060,953
Principal, interest and dividends receivable	13,311	16,821
Investments in low-income housing tax credit interests	101,204	93,309
Investment in joint ventures	27,588	67,909
Real estate owned, net	117,703	103,704
Investment in real estate	48,105	41,033
Premises and equipment, net	33,105	14,619
Income taxes receivable	8,879	15,115
Deferred tax asset	10,718	5,860
Goodwill	11,040	--
Other assets	53,836	44,683
	-----	-----
	\$2,786,879	\$2,483,685
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits	\$2,198,603	\$1,919,742
Advances from the Federal Home Loan Bank	--	399
Securities sold under agreements to repurchase	--	74,546
Notes, debentures and other interest bearing obligations	286,972	225,573
Accrued expenses, payables and other liabilities	57,440	59,829
	-----	-----
Total liabilities	2,543,015	2,280,089
	-----	-----
STOCKHOLDER'S EQUITY:		
Preferred stock, \$.01 par value; 20,000,000 shares authorized; 0 shares issued and outstanding	--	--
Common stock, \$.01 par value; 200,000,000 shares authorized; 26,799,511 and 26,744,170 shares issued and outstanding at June 30, 1997 and December 31 1996, respectively.	268	267
Additional paid-in capital	23,124	23,258
Retained earnings	216,250	180,417
Unrealized gain on securities available for sale, net of taxes	7,060	3,486
Notes receivable on exercise of common stock options	(2,838)	(3,832)
	-----	-----
Total stockholders' equity	243,864	203,596
	-----	-----
	\$2,786,879	\$2,483,685
	=====	=====

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Dollars in thousands, except share data)

FOR THE PERIODS ENDED JUNE 30, -----	Three months		Six months	
	1997	1996	1997	1996
	-----	-----	-----	-----
INTEREST INCOME:				
Federal funds sold and repurchase agreements	\$ 795	\$ 1,329	\$ 2,453	\$ 2,098
Securities available for sale	6,509	6,284	14,682	14,064
Securities held for trading	--	--	248	--
Loans available for sale	3,973	4,887	6,824	11,484
Loans	10,674	7,764	21,366	17,773
Discount loans	44,246	29,903	74,470	52,058
Investment securities and other	745	1,335	1,426	1,980
	-----	-----	-----	-----
	66,942	51,502	121,469	99,457
	-----	-----	-----	-----
INTEREST EXPENSE:				
Deposits	31,371	22,445	61,264	45,446
Securities sold under agreements to repurchase	204	32	477	685
Advances from the Federal Home Loan Bank	145	993	428	2,032
Notes, debentures and other interest bearing obligations	7,148	3,434	13,863	6,873
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	38,868	26,904	76,032	55,036
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NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	28,074	24,598	45,437	44,421
PROVISION FOR LOAN LOSSES	7,909	4,964	17,651	14,370
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NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	20,165	19,634	27,786	30,051
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NON-INTEREST INCOME:				
Servicing fees and other charges	4,845	1,468	10,081	787
Gains on sales of interest earning assets, net	23,365	4,584	40,143	9,601
Income (loss) on real estate owned, net	4,629	887	3,835	(1,028)
Other income	450	1,129	581	2,001
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	33,289	8,068	54,640	11,361
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NON-INTEREST EXPENSE:				
Compensation and employee benefits	19,676	8,570	34,599	14,739
Occupancy and equipment	3,960	2,181	6,789	4,227
Net operating loss (income) on investments in real estate and certain low-income housing tax credit interests	104	(399)	1,197	62
Other operating expenses	7,097	3,518	10,949	6,526
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	30,837	13,870	53,534	25,554
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EQUITY IN EARNINGS OF INVESTMENT IN JOINT VENTURE	1,301	1,078	15,674	1,078
INCOME BEFORE INCOME TAXES	23,918	14,910	44,566	16,936
INCOME TAX EXPENSE	5,126	2,911	8,733	1,910
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NET INCOME	\$ 18,792	\$ 11,999	\$ 35,833	\$ 15,026
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EARNINGS PER SHARE:				
NET INCOME	\$ 0.69	\$ 0.45	\$ 1.32	\$ 0.57
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WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	27,063,761	26,398,127	27,068,563	26,397,920
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