



Ocwen Financial Corporation Announces Third Quarter Financial Results

WEST PALM BEACH, Fla., Nov. 5, 2009 -- As a result of a \$50.6 million one-time tax expense arising from the separation of Ocwen Solutions, Ocwen Financial Corporation ("Ocwen" or the "Company") (NYSE:OCN) today reported a net loss of \$42.0 million or \$0.51 per share for the three months ended September 2009. This compares to net income of \$15.0 million or \$0.23 per share for the third quarter of 2008. Pretax income from continuing operations for the third quarter of 2009 was \$23.5 million as compared to \$23.4 million for the same period last year. Deferred tax assets offset \$24.3 million of the one-time tax expense arising from the separation.

The net loss for the nine months ended September 2009 was \$9.1 million or \$0.13 per share. This compares to net income of \$17.5 million or \$0.28 per share for the same period in 2008. As with the three month reporting period, the net loss was solely due to the tax impact of the separation of Ocwen Solutions. Pretax income from continuing operations was \$73.1 million for the nine months ended September 2009 as compared to \$34.9 million for the nine months ended September 2008.

BUSINESS PERFORMANCE HIGHLIGHTS

- * Ocwen completed a stock offering on August 18, 2009 which enhanced liquidity by \$275.0 million. Total liquidity was \$408.9 million while excess advance financing capacity was \$720.2 million.
- * Ocwen added \$4.4 billion in unpaid principal balance (UPB) of loans serviced under a special servicing agreement in August 2009 and \$9.7 billion UPB under a subservicing agreement entered into in October 2009.
- * Cumulative trial mortgage loan modification offers under the federal government's Home Affordable Modification Program (HAMP) grew to 10,537 during the quarter representing a 109% increase in new trial offers extended during the third quarter. As of September 2009 there were 4,731 active HAMP trials. Lower trial modification offers during the second quarter yielded lower completed modifications in the third quarter.
- * Cost reduction efforts led to a 15% decline in operating costs as measured per dollar of UPB for the three months ended September 2009 (8 basis points) as compared to September 2008 (9 basis points).

Chairman and CEO William Erbey stated, "We are pleased with the successful separation of Ocwen Solutions and our progress on other key strategic initiatives to enhance liquidity, increase revenue and maintain quality while reducing costs, but there is much work yet to be done to capitalize on the opportunities before us. We continue to pursue more than \$50 billion of additional UPB in potential servicing transactions in various stages of development. In addition to growing our servicing portfolio, we are working hard to improve our loss mitigation performance. Even though we lead the industry in loss mitigation, there is room for improvement which will have a positive impact on our bottom line. We do not recognize revenue on delinquent loans until they become current, principally through modifications, or sold as REO. This revenue is deferred but not lost. We do, however, recognize all expenses. Therefore, there is a significant opportunity for further increases in revenue and reductions in the level of assets dedicated to the business by reducing the inventory of delinquent loans. In October, for the first time since the enactment of HAMP, delinquencies as a percentage of the portfolio declined."

Ocwen Asset Management

Ocwen Asset Management generated income from operations of \$30.1 million in the third quarter of 2009, 33% lower than the third quarter of 2008. Income from continuing operations before taxes for the third quarter of 2009 declined 36.6% to \$16 million from \$25.2 million in the third quarter of 2008 reflecting the expected decline in loan modifications and lower servicing

UPB, partially offset by lower operating expenses.

Servicing

Income from continuing operations before taxes for Servicing of \$17.7 million declined 39.1%, an \$11.3 million decrease from the third quarter of 2008. The two primary drivers of the decline are lower UPB and a decrease in revenues associated with loan modifications in connection with the implementation of the HAMP. Servicing realized operating expense savings of 23.5%, or \$9.5 million, from reduced staffing levels, lower amortization and lower compensating interest expense compared to the third quarter of 2008.

Loans and Residuals

Losses from continuing operations before taxes for Loans and Residuals decreased to \$0.1 million as compared to \$0.5 million in the second quarter of 2008. This improvement was primarily due to lower unrealized losses associated with declines in the estimated market value of loans, real estate and residual securities.

Asset Management Vehicles

Asset Management Vehicles incurred a \$1.6 million loss from continuing operations before taxes as compared to a \$3.3 million loss from continuing operations in the third quarter of 2008 primarily due to lower unrealized losses on residual securities and lower realized and unrealized losses on real estate.

Ocwen Solutions

Our Ocwen Solutions line of business, consisting of the Mortgage Services, Financial Services and Technology Products segments, was separated as of August 10, 2009. For the six weeks of the third quarter for which Ocwen Solutions was included in our results, revenue was \$24.0 million and pre-tax income was \$3.2 million. Operating expenses included a one-time charge of \$2.3 million for the closure of two locations. These partial quarter results of Ocwen Solutions may not be indicative of results for the full quarter and were ahead of the previous quarter's results for the same period excluding the one time charge previously mentioned. As a separate, publicly-traded company, Altisource Portfolio Solutions S.A. (Nasdaq:ASPS) will file a Form 10-Q with the Securities and Exchange Commission.

Corporate

Unrealized gains on auction rate securities were \$7.3 million in the third quarter of 2009, compared to no gain or loss in the third quarter of 2008. Total consolidated assets declined 16.2% from December 31, 2008 to \$1,875.1 million at September 30, 2009 primarily due to a decrease in total advances and a reduction in cash, deferred tax assets, net, and goodwill and intangibles, net from the separation of Ocwen Solutions. Total consolidated liabilities decreased 37.5% from December 31, 2008 to \$1,017.6 million at September 30, 2009. This was primarily due to debt repayments and a decline in match funded and servicer liabilities.

Prior periods were adjusted to give effect to the required retrospective adoption of new accounting guidance which caused us to recognize additional non-cash interest expense related to the convertible notes outstanding.

Ocwen Financial Corporation is a leading provider of residential and commercial loan servicing, special servicing and asset management services. Ocwen is headquartered in West Palm Beach, Florida with offices in California, the District of Columbia, Florida, Georgia and New York and support operations in India and Uruguay. Utilizing proprietary technology and world-class training and processes, we provide solutions that make our clients' loans worth more. Additional information is available at www.Ocwen.com.

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to, the securitization market and our plans to securitize loans and expectations as to the impact of rising interest rates and cost-effective resources in India. Forward-looking statements are not guarantees of future performance, and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially.

Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the following: general economic and market conditions, prevailing interest or currency exchange rates, governmental regulations and policies, international political and economic uncertainty, availability of adequate and timely sources of liquidity, federal income tax rates, real estate market conditions and trends and the outcome of ongoing litigation as well as other risks detailed in OCN's reports and filings with the Securities and Exchange Commission, including its periodic report on Form 10-K for the year ended December 31, 2008 and Forms 10-Q for the quarters ended March 31, 2009, June 30, 2009, and September 30, 2009. The forward-looking statements speak only as of the date they are made and should

not be relied upon. OCN undertakes no obligation to update or revise the forward-looking statements.

Residential Servicing Statistics (Dollars in thousands)

| | At or for the three months ended | | | | |
|--|----------------------------------|------------------|-------------------|------------------|-------------------|
| | Sept. 30, 2009 | June 30, 2009 | March 31, 2009 | Dec. 31, 2008 | Sept. 30, 2008 |
| Total unpaid principal balance of loans and REO serviced (1) | \$40,293,698 | \$38,406,007 | \$40,789,135 | \$40,171,532 | \$41,754,368 |
| Non-performing loans and REO serviced as a % of total UPB (1)(2) | 26.9% | 27.4% | 25.1% | 24.3% | 22.7% |
| Prepayment speed (average CPR) | 20% | 22% | 22% | 25% | 26% |

(1) Excluding REO serviced pursuant to our contract with the U.S. Department of Veterans Affairs, which we elected not to renew in July 2008. Transition of the remaining properties to the new service provider was completed in October.

(2) Loans for which borrowers are making scheduled payments under forbearance or bankruptcy plans are considered performing loans. Non-performing loans exclude those serviced under special servicing agreements where we have no obligation to advance.

Segment Results
(Dollars in thousands)

| | Three months | | Nine months | |
|-------------------------------------|--------------|---------------|-------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| For the periods ended September 30, | | | | |
| | | (As adjusted) | | (As adjusted) |
| Ocwen Asset Management | | | | |
| Servicing Revenue | \$ 62,118 | \$ 86,058 | \$ 199,539 | \$ 264,985 |
| Operating expenses | 30,749 | 40,218 | 97,922 | 124,893 |
| Income from operations | 31,369 | 45,840 | 101,617 | 140,092 |
| Other expense, net | (13,688) | (16,816) | (43,236) | (57,777) |
| Income from | | | | |

| | | | | |
|---|---------|---------|---------|---------|
| continuing operations before taxes | 17,681 | 29,024 | 58,381 | 82,315 |
| Loans and Residuals Revenue | -- | -- | -- | -- |
| Operating expenses | 891 | 812 | 2,202 | 2,280 |
| Loss from operations | (891) | (812) | (2,202) | (2,280) |
| Other income (expense), net | 809 | 291 | (4,861) | (7,342) |
| Loss from continuing operations before taxes | (82) | (521) | (7,063) | (9,622) |
| Asset Management Revenue | 432 | 819 | 1,429 | 2,997 |
| Operating expenses | 753 | 885 | 2,530 | 2,501 |
| Income (loss) from operations | (321) | (66) | (1,101) | 496 |
| Other expense, net | (1,317) | (3,258) | (2,466) | (6,542) |
| Loss from continuing operations before taxes | (1,638) | (3,324) | (3,567) | (6,046) |
| Income from continuing operations before income taxes | 15,961 | 25,179 | 47,751 | 66,647 |
| Ocwen Solutions Mortgage Services Revenue | 11,869 | 12,331 | 54,052 | 43,580 |
| Operating expenses | 8,131 | 9,674 | 37,039 | 34,137 |
| Income from operations | 3,738 | 2,657 | 17,013 | 9,443 |
| Other income, net | 81 | 49 | 802 | 646 |
| Income from continuing operations before taxes | 3,819 | 2,706 | 17,815 | 10,089 |
| Financial Services Revenue | 6,506 | 18,654 | 40,293 | 57,182 |
| Operating expenses | 9,295 | 22,003 | 45,001 | 62,140 |
| Loss from operations | (2,789) | (3,349) | (4,708) | (4,958) |
| Other expense, net | (146) | (467) | (1,261) | (1,429) |
| Loss from continuing operations before taxes | (2,935) | (3,816) | (5,969) | (6,387) |

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Technology Products | | | | |
| Revenue | 5,648 | 11,672 | 28,331 | 34,556 |
| Operating expenses | 3,343 | 9,528 | 18,638 | 28,210 |
| Income from operations | 2,305 | 2,144 | 9,693 | 6,356 |
| Other income (expense), net | 26 | (87) | (103) | (5,721) |
| Income from continuing operations before taxes | 2,331 | 2,057 | 9,590 | 635 |
| Income from continuing operations before income taxes | 3,215 | 947 | 21,436 | 4,337 |
| Corporate Items and Other | | | | |
| Revenue | 319 | 12 | 681 | 154 |
| Operating expenses | 3,555 | 2,225 | 11,367 | 14,206 |
| Loss from operations | (3,236) | (2,213) | (10,686) | (14,052) |
| Other income (expense), net | 7,518 | (503) | 14,566 | (21,993) |
| Income (loss) from continuing operations before taxes | 4,282 | (2,716) | 3,880 | (36,045) |
| Corporate Eliminations | | | | |
| Revenue | (3,540) | (8,285) | (17,204) | (22,727) |
| Operating expenses | (3,344) | (7,887) | (16,410) | (21,568) |
| Loss from operations | (196) | (398) | (794) | (1,159) |
| Other income, net | 196 | 398 | 794 | 1,159 |
| Income from continuing operations before taxes | -- | -- | -- | -- |
| Consolidated income from continuing operations before income taxes | \$ 23,458 | \$ 23,410 | \$ 73,067 | \$ 34,939 |

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

Three months

Nine months

| For the periods ended September 30, | 2009 | 2008 | 2009 | 2008 |
|---|---------------|-----------|---------------|------------|
| | (As Adjusted) | | (As Adjusted) | |
| Revenue | | | | |
| Servicing and subservicing fees | \$ 57,534 | \$ 91,298 | \$ 201,832 | \$ 290,200 |
| Process management fees | 23,735 | 27,453 | 97,513 | 81,794 |
| Other revenues | 2,083 | 2,510 | 7,776 | 8,743 |
| Total revenue | 83,352 | 121,261 | 307,121 | 380,737 |
| Operating expenses | | | | |
| Compensation and benefits | 18,959 | 33,727 | 74,758 | 96,567 |
| Amortization of servicing rights | 7,159 | 12,106 | 25,743 | 40,712 |
| Servicing and origination | 7,804 | 11,540 | 36,277 | 37,589 |
| Technology and communications | 4,206 | 6,022 | 13,495 | 17,713 |
| Professional services | 6,378 | 5,973 | 21,772 | 27,058 |
| Occupancy and equipment | 4,192 | 5,131 | 15,056 | 17,471 |
| Other operating expenses | 4,675 | 2,959 | 11,188 | 9,689 |
| Total operating expenses | 53,373 | 77,458 | 198,289 | 246,799 |
| Income from operations | 29,979 | 43,803 | 108,832 | 133,938 |
| Other income (expense) | | | | |
| Interest income | 1,992 | 3,448 | 6,411 | 11,492 |
| Interest expense | (16,145) | (19,334) | (50,108) | (66,513) |
| Gain (loss) on trading securities | 8,291 | (621) | 13,346 | (22,366) |
| Gain (loss) on debt redemption | 1,600 | -- | 2,134 | (86) |
| Loss on loans held for resale, net | (1,242) | (674) | (8,783) | (11,112) |
| Equity in losses of unconsolidated entities | (1,059) | (2,928) | (1,608) | (10,628) |
| Other, net | 42 | (284) | 2,843 | 214 |
| Other expense, net | (6,521) | (20,393) | (35,765) | (98,999) |
| Income from continuing operations before income taxes | 23,458 | 23,410 | 73,067 | 34,939 |
| Income tax expense | 65,294 | 8,330 | 82,803 | 11,693 |
| Income (loss) from continuing operations | (41,836) | 15,080 | (9,736) | 23,246 |
| Income (loss) from | | | | |

| | | | | |
|--|-------|-------|-----|---------|
| discontinued operations, net of income taxes | (231) | (186) | 633 | (5,572) |
|--|-------|-------|-----|---------|

| | | | | |
|---|-------------|-----------|------------|-----------|
| Net income (loss) | (42,067) | 14,894 | (9,103) | 17,674 |
| Net loss (income) attributable to minority interest in subsidiaries | 36 | 82 | 11 | (143) |
| Net income (loss) attributable to Ocwen Financial Corporation (OCN) | \$ (42,031) | \$ 14,976 | \$ (9,092) | \$ 17,531 |

Basic earnings per share

| | | | | |
|--|-----------|---------|-----------|---------|
| Income (loss) from continuing operations attributable to OCN common shareholders | \$ (0.51) | \$ 0.24 | \$ (0.14) | \$ 0.37 |
| Income (loss) from discontinued operations attributable to OCN common shareholders | -- | -- | 0.01 | (0.09) |
| Net income (loss) attributable to OCN common shareholders | \$ (0.51) | \$ 0.24 | \$ (0.13) | \$ 0.28 |

Diluted earnings per share

| | | | | |
|--|-----------|---------|-----------|---------|
| Income (loss) from continuing operations attributable to OCN common shareholders | \$ (0.51) | \$ 0.23 | \$ (0.14) | \$ 0.37 |
| Income (loss) from discontinued operations attributable to OCN common shareholders | -- | -- | 0.01 | (0.09) |
| Net income (loss) attributable to OCN common shareholders | \$ (0.51) | \$ 0.23 | \$ (0.13) | \$ 0.28 |

Weighted average common shares outstanding

| | | | | |
|---------|------------|------------|------------|------------|
| Basic | 82,614,456 | 62,715,551 | 70,966,393 | 62,655,655 |
| Diluted | 82,614,456 | 69,750,889 | 70,966,393 | 62,897,271 |

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)

| | Sept. 30, 2009 | Dec. 31, 2008 |
|---|-------------------|------------------|
| | ----- | ----- |
| | | (As Adjusted) |
| Assets | | |
| Cash | \$ 195,854 | \$ 201,025 |
| Trading securities, at fair value | | |
| Investment grade auction rate | 250,099 | 239,301 |
| Subordinates and residuals | 4,417 | 4,369 |
| Loans held for resale, at lower of cost or fair value | 36,618 | 49,918 |
| Advances | 131,360 | 102,085 |
| Match funded advances | 879,444 | 1,100,555 |
| Mortgage servicing rights | 124,989 | 139,500 |
| Receivables | 33,135 | 42,798 |
| Deferred tax assets, net | 129,116 | 175,145 |
| Intangibles, including goodwill | -- | 46,227 |
| Premises and equipment, net | 3,954 | 12,926 |
| Investments in unconsolidated entities | 18,764 | 25,663 |
| Other assets | 67,303 | 97,588 |
| | ----- | ----- |
| Total assets | \$1,875,053 | \$2,237,100 |
| | ===== | ===== |
| Liabilities and Equity | | |
| Liabilities | | |
| Match funded liabilities | \$ 529,779 | \$ 961,939 |
| Lines of credit and other secured borrowings | 54,665 | 116,870 |
| Investment line | 167,168 | 200,719 |
| Servicer liabilities | 59,457 | 135,751 |
| Debt securities | 109,814 | 133,367 |
| Income taxes payable, net | 18,940 | -- |
| Other liabilities | 77,770 | 78,813 |
| | ----- | ----- |
| Total liabilities | 1,017,593 | 1,627,459 |
| | ----- | ----- |
| Equity | | |
| Ocwen Financial Corporation stockholders' equity Common stock, \$.01 par value; 200,000,000 shares authorized; 99,835,097 and 62,716,530 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively | 998 | 627 |
| Additional paid-in capital | 458,822 | 201,831 |
| Retained earnings | 395,809 | 404,901 |
| Accumulated other comprehensive income, net of income taxes | 1,569 | 1,876 |
| | ----- | ----- |
| Total Ocwen Financial Corporation stockholders' equity | 857,198 | 609,235 |
| Minority interest in subsidiaries | 262 | 406 |
| | ----- | ----- |
| Total equity | 857,460 | 609,641 |
| | ----- | ----- |
| Total liabilities and equity | \$1,875,053 | \$2,237,100 |
| | ===== | ===== |

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