



## Ocwen Financial Corporation Announces First Quarter Financial Results

WEST PALM BEACH, Fla., May 7, 2009 -- Ocwen Financial Corporation ("Ocwen" or the "Company") (NYSE:OCN) today reported net income of \$15.1 million or \$0.24 per share for the first quarter of 2009 despite a \$4.6 million net unrealized loss on loans held for resale. This compares to net income of \$5.3 million or \$0.08 per share for the first quarter of 2008. This increase in net income reflects significantly lower operating and interest expenses. Income from continuing operations before income taxes was \$23.3 million for the first quarter of 2009 as compared to \$8.4 million for the first quarter of 2008.

### BUSINESS PERFORMANCE HIGHLIGHTS

- \* Income from operations of \$42.3 million represents a 5.4% improvement over the first quarter of 2008 reflecting an 18% decline in operating expenses.
- \* Net income of \$15.1 million reflects increased process management revenues, significantly lower operating expenses, significantly lower interest expense and reduced write-offs from non-core assets.
- \* During the quarter, Ocwen strengthened its balance sheet through a new term advance financing of \$67 million, renewing a \$200 million advance facility and using strong operating cash flow to repurchase \$25.9 million face value of convertible notes outstanding and paying down financings associated with mortgage servicing and auction rate securities. Subsequent to quarter-end, we raised \$49 million, net, in a common equity private placement, upsized and renewed a \$300 million advance facility to \$500 million and renewed the Investment Line financing auction rate securities until June 30, 2010.
- \* Ocwen completed 20,651 loan modifications despite a slowdown in late March as additional details and specific guidance related to the Home Affordable Modification Plan (HMP) emerged.

Chairman and CEO William Erbey stated, "Our operations teams continue to produce strong earnings despite an extremely challenging economic environment. Furthermore, we are proud to be at the forefront of the effort to keep borrowers in their homes and increase value for investors through our participation in the HMP. Beginning in the third quarter, we expect to receive significant revenues from this program.

To prosper in this environment, we have implemented a strategic plan centered on four initiatives:

1. Maintaining our strong liquidity position and continuing to strengthen our balance sheet;
2. Pursuing revenue opportunities;
3. Extending our quality and cost structure leadership; and
4. Completing the spin-off of Ocwen Solutions as a separate company.

"First, our unused borrowing capacity at quarter end increased 64% from December 31, 2008 to \$438.7 million. With the financing activities completed since quarter-end, our unused borrowing capacity exceeds \$640 million. Therefore, our focus has shifted to extending the term of our borrowings. The inclusion of servicer advances in TALF has greatly increased the prospect of additional term financing.

"Second, during the first quarter of 2009, Ocwen Asset Management initiated a special servicing arrangement with Freddie Mac, and we are encouraged by our performance on this trial portfolio. Combining this special servicing with a servicing

purchase during this quarter, our portfolio grew for the first time since the third quarter of 2007. We are not satisfied, however, and are actively pursuing several initiatives to provide us with an increased supply of servicing.

"Revenue growth at Ocwen Solutions will be driven by diversifying our product offering across the mortgage lifecycle (i.e., default products) and selectively expanding our geographic footprint considering the market opportunities in each state.

"Third, our first quarter performance speaks to our quality and cost initiatives. We kept more people in their homes and returned more loans to performing status than in any prior quarter in our history while reducing operating costs by 18%. We have three programs to continuously improve quality while reducing cost by automating processes, reducing variability and improving supervisory effectiveness.

"Fourth, we anticipate filing the documents to effectuate the separation of Ocwen Solutions with the SEC in the second quarter with the expectation of completing the separation during the third quarter, subject to regulatory review."

#### Ocwen Asset Management

Ocwen Asset Management generated income from operations of \$39.7 million, 9.8% lower than the first quarter of 2008. Income from continuing operations before income taxes for the first quarter of 2009 improved 25.7% to \$20.5 million from \$16.3 million in the first quarter of 2008 reflecting a \$7.7 million (32.4%) decline in interest expense.

Income from continuing operations before income taxes for Servicing increased 17.6%, a \$3.8 million increase over the first quarter of 2008. Servicing realized operating expense savings of 18.4%, or \$7.7 million, from reduced staffing levels, lower amortization and lower compensating interest compared to the first quarter of 2008. Unpaid principal balances were lower than the first quarter of 2008, leading to a 19.1% decline in servicing and subservicing fees.

Losses from continuing operations before income taxes for Loans and Residuals increased to \$4.1 million as compared to a loss of \$3.7 million in the first quarter of 2008. A significant factor leading to the loss was a decline in interest income received from residual securities in the first quarter of 2009 as compared to 2008.

Asset Management Vehicles incurred a \$0.5 million loss from continuing operations before income taxes, an improvement over a \$1.4 million loss from continuing operations in the first quarter of 2008. This improvement was primarily due to lower unrealized losses at unconsolidated subsidiaries associated with declines in the estimated market value of loans, real estate and residual securities.

#### Ocwen Solutions

Income from operations at Ocwen Solutions increased 25.6% to \$6.7 million compared to the first quarter of 2008 due to cost reductions of 5.3% principally associated with reduced staffing levels in Financial Services. Income from continuing operations before income taxes declined to \$6.2 million in the first quarter of 2009 from \$12.8 million primarily due to \$7.9 million in unrealized earnings at BMS Holdings, Inc., an affiliate, in the first quarter of 2008.

Mortgage Services benefited from new lines of business and higher order volumes in existing businesses as revenues increased 7.5% to \$18.0 million compared to \$16.8 million in the first quarter of 2008. Income from continuing operations before income taxes increased significantly to \$5.1 million reflecting total operating expense reductions of 4.6%.

Revenues at Financial Services declined 11.2% to \$17.3 million, compared to \$19.5 million in 2008. This was primarily due to lower collection rates on contingency collections. A 4.5% decline in total operating expenses, compared to the first quarter of 2008, offset the decline in revenues resulting in a \$1.3 million loss from continuing operations before income taxes.

Technology Products increased income from operations 49.8% to \$2.4 million compared to the first quarter of 2008. This growth came from an 8.0% reduction in total operating expenses and a 0.9% increase in total revenues compared to the first quarter of 2008.

#### Corporate

Total corporate operating expenses of \$4.0 million were significantly lower than the first quarter of 2008 primarily due to professional expenses incurred in relation to the terminated "go private" transaction in the first quarter of 2008. Total consolidated assets declined 9.3% from December 31, 2008 to \$2,029.5 million at March 31, 2009 primarily due to a \$148.9 million decrease in total advances. Total consolidated liabilities decreased 13.8% from December 31, 2008 to \$1,402.8 million at March 31, 2009 primarily due to lower 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 asset manager and business process solutions provider specializing in loan servicing, special servicing and mortgage services. Ocwen is headquartered in West Palm Beach, Florida with offices in Arizona, California, the District of Columbia, Florida, Georgia and New York and global operations in Canada, Germany, India and Uruguay. Utilizing our state of the art technology, world-class training and six sigma processes, we provide solutions that make our clients' loans worth more. Additional information is available at [www.ocwen.com](http://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 Form 10-Q for the quarters ended March 31, June 30 and September 30, 2008 and our Forms 8-K filed during 2008. 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				
	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008	March 31, 2008
Total unpaid principal balance of loans and REO serviced (1)	\$40,789,135	\$40,171,532	\$41,754,368	\$44,831,875	\$49,319,762
Non- per- forming loans and REO serviced as a % of total UPB (1) (2)	25.1%	24.3%	22.7%	22.4%	21.8%
Prepayment speed (average CPR)	22%	25%	26%	26%	23%

(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 (In thousands)		
For the three months ended March 31,	2009	2008
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		(As adjusted)
<b>Ocwen Asset Management</b>		
Servicing		
Revenue	\$ 74,694	\$ 86,512
Operating expenses	34,218	41,952
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Income from operations	40,476	44,560
Other expense, net	(15,280)	(23,131)
	-----	-----
Income from continuing operations before income taxes	25,196	21,429
	-----	-----
<b>Loans and Residuals</b>		
Revenue	--	--
Operating expenses	561	917
	-----	-----
Loss from operations	(561)	(917)
Other expense, net	(3,577)	(2,741)
	-----	-----
Loss from continuing operations before income taxes	(4,138)	(3,658)
	-----	-----
<b>Asset Management</b>		
Revenue	537	1,051
Operating expenses	762	690
	-----	-----
Income (loss) from operations	(225)	361
Other expense, net	(302)	(1,807)
	-----	-----
Loss from continuing operations before income taxes	(527)	(1,446)
	-----	-----
Income from continuing operations before income taxes	20,531	16,325
	-----	-----
<b>Ocwen Solutions</b>		
Mortgage Services		
Revenue	18,017	16,755
Operating expenses	12,892	13,519
	-----	-----
Income from operations	5,125	3,236
Other (income) expense, net	23	(83)
	-----	-----
Income from continuing operations before income taxes	5,148	3,153
	-----	-----
<b>Financial Services</b>		
Revenue	17,318	19,499
Operating expenses	18,151	19,008
	-----	-----
Income (loss) from operations	(833)	491
Other expense, net	(468)	(468)
	-----	-----
Income (loss) from continuing operations before income taxes	(1,301)	23
	-----	-----
<b>Technology Products</b>		

Revenue	10,573	10,484
Operating expenses	8,173	8,882
	-----	-----
Income from operations	2,400	1,602
Other income (expense), net	(76)	8,009
	-----	-----
Income from continuing operations before income taxes	2,324	9,611
	-----	-----
Income from continuing operations before income taxes	6,171	12,787
	-----	-----
Corporate Items and Other		
Revenue	253	5
Operating expenses	3,982	8,636
	-----	-----
Loss from operations	(3,729)	(8,631)
Other income (expense), net	291	(12,064)
	-----	-----
Loss from continuing operations before income taxes	(3,438)	(20,695)
	-----	-----
Corporate Eliminations		
Revenue	(6,802)	(6,055)
Operating expenses	(6,473)	(5,529)
	-----	-----
Loss from operations	(329)	(526)
Other expense, net	329	526
	-----	-----
Income (loss) from continuing operations before income taxes	--	--
	-----	-----
Consolidated income from continuing operations before income taxes	\$ 23,264	\$ 8,417
	=====	=====

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

For the three months ended March 31,	2009	2008
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		(As Adjusted)
Revenue		
Servicing and subservicing fees	\$ 78,810	\$ 98,214
Process management fees	33,692	26,950
Other revenues	2,088	3,087
	-----	-----
Total revenue	114,590	128,251
	-----	-----
Operating expenses		
Compensation and benefits	28,545	30,086
Amortization of servicing rights	10,041	14,014
Servicing and origination	12,638	14,411
Technology and communications	4,808	5,270
Professional services	7,186	14,749
Occupancy and equipment	6,046	6,533
Other operating expenses	3,002	3,012
	-----	-----
Total operating expenses	72,266	88,075

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Income from operations	42,324	40,176
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Other income (expense)		
Interest income	2,165	4,813
Interest expense	(16,663)	(26,070)
Loss on trading securities	(380)	(12,023)
Gain on debt repurchases	534	--
Loss on loans held for resale, net	(4,554)	(4,509)
Equity in earnings of unconsolidated entities	27	6,955
Other, net	(189)	(925)
	-----	-----
Other expense, net	(19,060)	(31,759)
	-----	-----
Income from continuing operations before income taxes	23,264	8,417
Income tax expense	8,037	2,939
	-----	-----
Income from continuing operations	15,227	5,478
Loss from discontinued operations, net of income taxes	(188)	(204)
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Net income	15,039	5,274
Net loss (income) attributable to minority interest in subsidiaries	70	(2)
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Net income attributable to Ocwen Financial Corporation (OCN)	\$ 15,109	\$ 5,272
	=====	=====
Basic earnings per share		
Income from continuing operations attributable to OCN common shareholders	\$ 0.24	\$ 0.09
Loss from discontinued operations attributable OCN common shareholders	--	(0.01)
	-----	-----
Net income attributable to OCN common shareholders	\$ 0.24	\$ 0.08
	=====	=====
Diluted earnings per share		
Income from continuing operations attributable to OCN common shareholders	\$ 0.24	\$ 0.09
Loss from discontinued operations attributable to OCN common shareholders	--	(0.01)
	-----	-----
Net income attributable to OCN common shareholders	\$ 0.24	\$ 0.08
	=====	=====
Weighted average common shares outstanding		
Basic	62,750,010	62,567,972
Diluted	67,871,466	62,814,449

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

March 31, December 31,

	2009	2008
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		(As Adjusted)
<b>Assets</b>		
Cash	\$ 158,855	\$ 201,025
Trading securities, at fair value		
Investment grade auction rate	238,161	239,301
Subordinates and residuals	4,028	4,369
Loans held for resale, at lower of cost or fair value	44,670	49,918
Advances	172,459	102,085
Match funded advances	881,244	1,100,555
Mortgage servicing rights	140,603	139,500
Receivables	49,433	42,798
Deferred tax assets, net	167,913	175,145
Intangibles, including goodwill of \$9,836	45,589	46,227
Premises and equipment, net	11,799	12,926
Investments in unconsolidated entities	22,115	25,663
Other assets	92,647	97,588
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Total assets	\$2,029,516	\$2,237,100
	=====	=====
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Match funded liabilities	\$ 790,300	\$ 961,939
Lines of credit and other secured borrowings	144,065	116,870
Investment line	186,568	200,719
Servicer liabilities	90,365	135,751
Debt securities	108,843	133,367
Other liabilities	82,697	78,813
	-----	-----
Total liabilities	1,402,838	1,627,459
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<b>Stockholders' Equity</b>		
Ocwen Financial Corporation stockholders' equity		
Common stock, \$.01 par value; 200,000,000 shares authorized; 62,963,498 and 62,716,530 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively	630	627
Additional paid-in capital	205,262	203,195
Retained earnings	418,646	403,537
Accumulated other comprehensive income, net of income taxes	1,836	1,876
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Total Ocwen Financial Corporation stockholders' equity	626,374	609,235
Minority interest in subsidiaries	304	406
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Total stockholders' equity	626,678	609,641
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Total liabilities and stockholders' equity	\$2,029,516	\$2,237,100
	=====	=====

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