UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-13219

Ocwen Financial Corporation
(Exact name of registrant as specified in its charter)

Florida	65-0039856
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1675 Palm Beach Lakes Boulevard, West Palm Beach, Florida 33401
(Address of principal executive offices) (Zip Code)

(561) 682-8000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes [X] No [ ]

Number of shares of Common Stock, $.01 par value, outstanding as of August 11, 2003: 66,862,467 shares

OCWEN FINANCIAL CORPORATION
FORM 10-Q

I N D E X

PART II - OTHER INFORMATION

PART I - FINANCIAL INFORMATION
Item 1. Interim Financial Statements (Unaudited)

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

	June 30, 2003	December 31, 2002
Assets		
Cash and amounts due from depository institutions	$ 65,836	$ 76,598
Interest earning deposits	124,164	30,649
Federal funds sold and repurchase agreements	70,000	85,000
Trading securities, at fair value:		
Collateralized mortgage obligations (AAA-rated) and U.S. Treasury securities	8,829	21,556
Subordinates, residuals and other securities	43,007	37,339
Investments in real estate	55,453	58,676
Affordable housing properties	12,182	15,319
Loans, net	35,922	76,857
Match funded assets	152,968	167,744
Real estate owned, net	53,781	62,039
Premises and equipment, net	42,373	44,268
Advances on loans and loans serviced for others	304,690	266,356
Mortgage servicing rights	180,789	171,611
Receivables	77,099	78,944
Other assets	35,842	29,286
Total assets	$ 1,262,935	$ 1,222,242
Liabilities and Stockholders' Equity Liabilities		
Deposits	$ 391,371	$ 425,970
Escrow deposits on loans and loans serviced for others	105,395	84,986
Bonds - match funded agreements	130,110	147,071
Lines of credit and other secured borrowings	161,398	82,746
Notes and debentures	76,540	76,975
Accrued interest payable	6,527	7,435
Accrued expenses, payables and other liabilities	29,151	28,314
Total liabilities	900,492	853,497
Minority interest in subsidiaries	1,442	1,778
Company obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company	56,249	56,249
Commitments and Contingencies (Note 8)		
Stockholders' 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; 66,866,974 and 67,339,773 shares issued and outstanding at June 30, 2003 and December 31, 2002, respectively	669	673
Additional paid-in capital	222,274	224,454
Retained earnings	81,340	85,637
Accumulated other comprehensive income (loss), net of taxes		
Net unrealized foreign currency translation gain (loss)	469	(46)
Total stockholders' equity	304,752	310,718
Total liabilities and stockholders' equity	$ 1,262,935	$ 1,222,242

The accompanying notes are an integral part of these consolidated financial statements.

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

	Three Months		Six Months	
For the periods ended June 30,	2003	2002	2003	2002
Net interest expense				
Income	$ 6,998	$ 8,806	$ 13,755	$ 21,520
Expense	9,405	14,714	18,731	31,110
Net interest expense before provision for loan losses	(2,407)	(5,908)	(4,976)	(9,590)
Provision for loan losses	(3,251)	10,732	(3,085)	11,411
Net interest income (expense) after provision for loan losses	844	(16,640)	(1,891)	(21,001)
Non-interest income				
Servicing and other fees	37,130	35,848	74,778	71,574
Gain (loss) on interest earning assets, net	27	(996)	27	(2,773)
Gain (loss) on trading and match funded securities, net	3,188	161	2,765	2,953
Gain (loss) on real estate owned, net	(279)	(11,858)	(23)	(15,970)
Gain (loss) on other non-interest earning assets, net	180	(93)	474	(841)
Net operating gains (losses) on investments in real estate	(4,595)	(13,993)	(3,702)	(9,339)
Gain (loss) on repurchase of debt	(4)	1,070	(4)	1,074
Other income	4,036	2,368	8,038	7,400
Non-interest income	39,683	12,507	82,353	54,078
Non-interest expense				
Compensation and employee benefits	17,130	19,708	34,838	40,781
Occupancy and equipment	2,685	3,331	5,515	6,045
Technology and communication costs	4,497	6,009	8,994	11,061
Loan expenses	3,465	3,436	7,000	7,371
Net operating losses on investments in affordable housing properties	226	6,228	883	21,910
Professional services and regulatory fees	4,060	3,172	19,344	7,768
Other operating expenses	2,554	2,615	4,851	4,602
Non-interest expense	34,617	44,499	81,425	99,538
Distributions on Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company	1,529	1,566	3,058	3,229
Income (loss) before minority interest, income taxes and effect of change in accounting principle	4,381	(50,198)	(4,021)	(69,690)
Minority interest in net loss of subsidiaries	(73)	--	(336)	--
Income tax expense	305	--	612	1,166
Net income (loss) before effect of change in accounting principle	4,149	(50,198)	(4,297)	(70,856)
Effect of change in accounting principle, net of taxes	--	--	--	16,166
Net income (loss)	$ 4,149	$ (50,198)	$ (4,297)	$ (54,690)
Earnings (loss) per share				
Basic				
Net loss before effect of change in accounting principle	$ 0.06	$ (0.75)	$ (0.06)	$ (1.05)
Effect of change in accounting principle, net of taxes	--	--	--	.24
Net income (loss)	$ 0.06	$ (0.75)	$ (0.06)	$ (0.81)
Diluted				
Net income (loss) before effect of change in accounting principle	$ 0.06	$ (0.75)	$ (0.06)	$ (1.05)
Effect of change in accounting principle, net of taxes	--	--	--	.24
Net income (loss)	$ 0.06	$ (0.75)	$ (0.06)	$ (0.81)
Weighted average common shares outstanding				
Basic	67,240,155	67,317,005	67,289,694	67,305,747
Diluted	68,372,204	67,317,005	67,289,964	67,305,747

The accompanying notes are an integral part of these consolidated financial statements.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands)

	Three Months		Six Months	
For the periods ended June 30,	2003	2002	2003	2002
Net income (loss)	$ 4,149	$(50,198)	$ (4,297)	$(54,690)
Other comprehensive income (loss), net of taxes:				
Change in unrealized foreign currency translation adjustment arising during the period (1)	297	161	515	1
Comprehensive income (loss)	$ 4,446	$(50,037)	$ (3,782)	$(54,689)

(1) Net of tax benefit (expense) of $(149) and $(95) for the three months ended June 30, 2003 and 2002, respectively, and $52 and $15 for the six months ended June 30, 2003 and 2002, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2003
(Dollars in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss), Net of Taxes	Total
	Shares	Amount				
Balances at December 31, 2002	67,339,773	$ 673	$ 224,454	$ 85,637	$ (46)	$ 310,718
Net loss	--	--	--	(4,297)	--	(4,297)
Repurchase of common stock	(494,500)	(4)	(2,231)	--	--	(2,235)
Directors' compensation	19,085	--	36	--	--	36
Exercise of common stock options	2,616	--	15	--	--	15
Other comprehensive loss, net of taxes						
Change in unrealized foreign currency translation loss	--	--	--	--	515	515
Balances at June 30, 2003	66,866,974	$ 669	$ 222,274	$ 81,340	$ 469	$ 304,752

The accompanying notes are an integral part of
these consolidated financial statements.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

For the six months ended June 30,	2003	2002
Cash flows from operating activities		
Net loss	$ (4,297)	$ (54,690)
Adjustments to reconcile net loss to net cash provided (used) by operating activities		
Net cash provided by trading activities	17,917	103,679
Premium amortization on securities, net	733	574
Depreciation and amortization	50,052	26,836
Provision for loan losses	(3,085)	11,411
Provision for losses on real estate owned	483	19,076
(Gain) loss on interest-earning assets, net	(27)	2,773
(Gain) loss on trading and match funded securities	(2,765)	(2,953)
(Gain) loss on sale of other non-interest earning assets	(474)	841
Provisions for losses on affordable housing properties	432	21,294
Impairment charges on investments in real estate	5,526	15,317
(Gain) loss on sale of real estate owned, net	(92)	(2,563)
(Gain) loss on repurchase of long-term debt	4	(1,074)
Effect of change in accounting principle before taxes	--	(15,000)
(Increase) decrease in advances and match funded advances on loans and loans serviced for others	(38,403)	29,974
(Increase) decrease in receivables and other assets, net	(3,736)	9,070
Increase (decrease) in accrued expenses, interest payable and other liabilities	(88)	(1,743)
Net cash provided by operating activities	22,180	162,822
Cash flows from investing activities		
Principal payments received on match funded loans	5,656	9,971
Investment in affordable housing properties	--	(3,288)
Proceeds from sales of affordable housing properties	2,340	11,524
Purchase of mortgage servicing rights	(52,583)	(56,997)
Proceeds from sales of loans	24,047	45,394
Proceeds from sale of real estate held for sale	--	4,779
Proceeds from sales of real estate held for investment	96	47,686
Purchase, originations and funded commitments of loans, net of undisbursed loan funds	(6,225)	(8,334)
Capital improvements to real estate held for investment	(2,961)	(7,627)
Principal payments received on loans	27,166	15,157
Proceeds from sale of real estate owned	9,094	18,741
Capital improvements to real estate owned	(1,058)	(1,592)
Additions to premises and equipment	(4,837)	(9,112)
Net cash provided by investing activities	735	66,302

The accompanying notes are an integral part of
these consolidated financial statements.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)
(Dollars in thousands)

For the six months ended June 30,	2003	2002
Cash flows from financing activities		
Decrease in deposits and escrow deposits on loans and loans serviced for others	(14,190)	(199,807)
Proceeds from (repayment of) securities sold under agreements to repurchase	--	(12,588)
Proceeds from (repayment of) lines of credit and other secured borrowings, net	78,652	(15,421)
Proceeds from (repayment of) bonds-match funded agreements, net	(16,961)	(11,220)
Repurchase of Capital Securities	--	(3,796)
Repurchase of common stock	(2,235)	--
Repurchase of notes and subordinated debentures	(439)	(728)
Repayment of other interest bearing obligations, net	--	(1,997)
Exercise of stock options	11	152
Net cash provided (used) by financing activities	44,838	(245,405)
Net increase in cash and cash equivalents	67,753	(16,281)
Cash and cash equivalents at beginning of period	192,247	260,655
Cash and cash equivalents at end of period	$ 260,000	$ 244,374
Reconciliation of cash and cash equivalents at end of period		
Cash and amounts due from depository institutions	$ 65,836	$ 34,213
Interest-earning deposits	124,164	122,161
Federal funds sold and repurchase agreements	70,000	88,000
	$ 260,000	$ 244,374
Supplemental disclosure of cash flow information		
Interest paid	$ 19,639	$ 35,152
Income tax (payments) refunds	$ (585)	$ 32
Supplemental schedule of non-cash investing and financing activities		
Real estate owned acquired through foreclosure	$ 128	$ 7,572

The accompanying notes are an integral part of
these consolidated financial statements.

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements have been prepared in conformity with the instructions to Form 10-Q and Article 10, Rule 10-01 of Regulation S-X for interim financial statements. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. Ocwen Financial Corporation's ("OCN") interim consolidated financial statements include the accounts of OCN and its subsidiaries. OCN owns directly and indirectly all of the outstanding common and preferred stock of its primary subsidiaries, Ocwen Federal Bank FSB (the "Bank"), Investors Mortgage Insurance Holding Company ("IMI"), Ocwen Technology Xchange, Inc. ("OTX"), Ocwen Asset Investment Corp. ("OAC") and Ocwen Financial Solutions, Private Limited ("India"). OCN also owns 70% of Global Servicing Solutions, LLC ("GSS") with the remaining 30% held by Merrill Lynch. As of December 31, 2002, OCN owned 99.6% of Ocwen Financial Services, Inc. ("OFS"), with the remaining 0.4% owned by the shareholders of Admiral Home Loan. As part of the arbitration settlement with the former owners of Admiral Home Loan on April 24, 2003, OCN gained title to the remaining shares of OFS which increased our ownership to 100%. See Note 8 for additional information regarding this settlement. We have eliminated all significant intercompany transactions and balances in consolidation.

The Bank is a federally chartered savings bank regulated by the Office of Thrift Supervision ("OTS"). OCN is a registered savings and loan holding company under the Home Owner's Loan Act and as such is also regulated by the OTS.

In our opinion, the accompanying unaudited financial statements contain all adjustments, consisting only of normal recurring accruals, necessary for a fair statement of our financial condition at June 30, 2003 and December 31, 2002, the results of our operations for the three and six months ended June 30, 2003 and 2002, our comprehensive loss for the three and six months ended June 30, 2003 and 2002, our changes in stockholders' equity for the six months ended June 30, 2003 and our cash flows for the six months ended June 30, 2003 and 2002, respectively. The results of operations and other data for the three and six months ended June 30, 2003 are not necessarily indicative of the results that may be expected for any other interim periods or the entire year ending December 31, 2003. The unaudited consolidated financial statements presented herein should be read in conjunction with the audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2002. Certain reclassifications have been made to the prior periods' interim consolidated financial statements to conform to the June 30, 2003 presentation.

In preparing the consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the statements of financial condition and revenues and expenses for the periods covered. Material estimates that are particularly significant in the near or medium term relate to our determination of the allowance for loan losses and our valuation of securities, real estate, affordable housing properties, servicing rights, intangibles and our deferred tax asset. Actual results could differ from those estimates and assumptions.

NOTE 2 CURRENT ACCOUNTING PRONOUNCEMENTS

We adopted the provisions of Statement of Financial Accounting Standard ("SFAS") No. 142, "Goodwill and Other Intangible Assets," effective January 1, 2002. As a result, we reversed the unamortized balance of the excess of net assets acquired over purchase price ("negative goodwill"). This reversal resulted in a credit to income of $18,333. The impact from the adoption of other elements of SFAS No. 142 resulted in our recording impairment charges of $3,333 on goodwill and intangible assets originally recorded in connection with the formation of REALSynergy, Inc. in 1999. These amounts have been reported in the first quarter of 2002 as the effect of a change in accounting principle, net of an income tax benefit of $1,166.

In June 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" (EITF 94-3). The principal difference between SFAS No. 146 and EITF 94-3 relates to SFAS No. 146's requirements for recognition of a liability for a cost associated with an exit or disposal activity. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost as generally defined in EITF 94-3 was recognized at the date of an entity's commitment to an exit plan. We adopted the new standard effective January 1, 2003. The adoption of SFAS No. 146 did not have a material impact on our results of operations, financial position or cash flows.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". The interpretation elaborates on the disclosures to be made by a guarantor in its financial statements under certain guarantees that is has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. We adopted the disclosure requirements of the Interpretation as of December 31, 2002, the date upon which they became effective. These provisions of the Interpretation require disclosure of the nature of the guarantee, the maximum potential amount of future payments that the guarantor could be required to make under the guarantee, and the current amount of the liability, if any, for the guarantor's obligations under the guarantee. The recognition requirements of the Interpretation were effective January 1, 2003. The implementation of the recognition requirements of the Interpretation did not have a significant effect on our consolidated results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). This interpretation provides guidance with respect to the identification of variable interest entities and when assets, liabilities, noncontrolling interests, and the results of operations of a variable interest entity need to be included in a company's consolidated financial statements. The Interpretation requires consolidation by business enterprises of variable interest entities in certain cases. The factors to be considered in making this determination include the adequacy of the equity of the entity and the nature of the risks, rights and rewards of the equity investors in the entity. The Interpretation applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. We are a limited partner in four partnerships that developed low-income housing properties that may be subject to the provisions of Fin 46. We do not consolidate these partnerships but rather record our investment in them using the equity method of accounting. As of June 30, 2003, our investment in such limited partnerships amounted to $9,537 in four projects. In addition, we had loans to these partnerships with a net book value of $5,500 at June 30, 2003. In addition, FIN 46 may impact the financial statement presentation of our Company obligated, mandatorily redeemable securities. We are evaluating the effect of FIN 46 on our accounting for our investment in the low-income housing partnerships and our Company obligated, mandatorily redeemable securities.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement establishes standards for how an issuer classifies and measures certain financial instruments with the characteristics of both liabilities and equity. The statement requires that certain securities, such as our Company obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company, which are classified between liabilities and equity in the Statement of Financial Condition, be classified as liabilities. Further, the distribution on such securities are to be classified as interest cost. No restatement of periods prior to the adoption of SFAS No. 150 is permitted. The provisions for SFAS 150 were effective immediately for financial instruments entered into or modified after May 31, 2003, and for the first interim period beginning after June 15, 2003, for all other financial instruments. The effects of adopting SFAS 150 are to be reported as the cumulative effect of a change in accounting principle for financial instruments that were created before the issuance of the Statement and still outstanding at the beginning of the interim period of adoption. We have not yet completed our evaluation of the cumulative effect on our financial statements of our adoption of SFAS 150, which will be effective for the quarter beginning July 1, 2003. Distributions will be treated as interest subsequent to adoption.

NOTE 3 COMPANY OBLIGATED, MANDATORILY REDEEMABLE SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY JUNIOR SUBORDINATED DEBENTURES OF THE COMPANY

In August 1997, the Ocwen Capital Trust ("OCT") issued $125,000 of 10.875% Capital Securities (the "Capital Securities"). Proceeds from the issuance of the Capital Securities were invested in 10.875% Junior Subordinated Debentures issued by OCN. The Junior Subordinated Debentures, which represent the sole assets of OCT, will mature on August 1, 2027. To date, OCT has repurchased $68,751 of its Capital Securities, although none were repurchased during the first six months of 2003.

Holders of the Capital Securities are entitled to receive cumulative cash distributions accruing from the date of original issuance and payable semiannually in arrears on February 1 and August 1 of each year, commencing on February 1, 1998, at an annual rate of 10.875% of the liquidation amount of $1,000 per Capital Security. Payment of distributions out of moneys held by OCT, and payments on liquidation of OCT or the redemption of Capital Securities, are guaranteed by OCN to the extent OCT has funds available. If OCN does not make principal or interest payments on the Junior Subordinated Debentures, OCT will not have sufficient funds to make distributions on the Capital Securities, in which event the guarantee shall not apply to such distributions until OCT has sufficient funds available therefore. Accumulated distributions payable on the Capital Securities amounted to $2,549 at June 30, 2003 and December 31, 2002, and are included in accrued interest payable.

OCN has the right to defer payment of interest on the Junior Subordinated Debentures at any time or from time to time for a period not exceeding 10 consecutive semiannual periods with respect to each deferral period, provided that no extension period may extend beyond the stated maturity of the Junior Subordinated Debentures. Upon the termination of any such extension period and the payment of all amounts then due on any interest payment date, OCN may elect to begin a new extension period. Accordingly, there could be multiple extension periods of varying lengths throughout the term of the Junior Subordinated Debentures. If interest payments on the Junior Subordinated Debentures are deferred, distributions on the Capital Securities will also be deferred and OCN may not permit any subsidiary to, (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, our capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities that rank pari passu with or junior to the Junior Subordinated Debentures. During an extension period, interest on the Junior Subordinated Debentures will continue to accrue at the rate of 10.875% per annum, compounded semiannually.

The Junior Subordinated Debentures are redeemable prior to maturity at our option, subject to the receipt of any necessary prior regulatory approval, (i) in whole or in part on or after August 1, 2007, at a redemption price equal to 105.438% of the principal amount thereof on August 1, 2007, declining ratably on each August 1 thereafter to 100% on or after August 1, 2017, plus accrued interest thereon, or (ii) at any time, in whole (but not in part), upon the occurrence and continuation of a special event (defined as a tax event, regulatory capital event or investment company event) at a redemption price equal to the greater of (a) 100% of the principal amount thereof or (b) the sum of the present values of the principal amount and premium payable with respect to an optional redemption of such Junior Subordinated Debentures on August 1, 2007, together with scheduled payments of interest from the prepayment date to August 1, 2007, discounted to the prepayment date on a semiannual basis at the adjusted Treasury rate plus accrued interest thereon to the date of prepayment. The Capital Securities are subject to mandatory redemption, in whole or in part, upon repayment of the Junior Subordinated Debentures at maturity or their earlier redemption, in an amount equal to the amount of the related Junior Subordinated Debentures maturing or being redeemed and at a redemption price equal to the redemption price of the Junior Subordinated Debentures, plus accumulated and unpaid distributions thereon to the date of redemption.

For financial reporting purposes, OCT is treated as a subsidiary of Ocwen Financial Corporation and, accordingly, the accounts of OCT are included in the consolidated financial statements of OCN. Intercompany transactions between OCT and OCN, including the Junior Subordinated Debentures, are eliminated in the consolidated financial statements of OCN. The Capital Securities are presented as a separate caption between liabilities and stockholders' equity in the consolidated statement of financial condition of OCN as "Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely Junior Subordinated Debentures of the company." Distributions on the Capital Securities are recorded as a separate caption immediately following non-interest expense in the consolidated statements of operations of OCN. As noted earlier, this method of accounting is currently being evaluated due to the issuance of FIN 46 and SFAS 150.

In connection with the issuance of the Capital Securities, we incurred certain costs, which have been capitalized and are being amortized over the term of the Capital Securities. The unamortized balance of these issuance costs amounted to $1,803 and $1,841 at June 30, 2003 and December 31, 2002, respectively, and is included in Other assets.

(Dollars in thousands)

NOTE 4 DERIVATIVE FINANCIAL INSTRUMENTS

We use derivative financial instruments for the purpose of managing our exposure to adverse fluctuations in interest and foreign currency exchange rates.

Interest Rate Management

We have purchased amortizing caps and floors to hedge our interest rate exposure relating to our match funded loans and securities. These caps and floors do not qualify for hedge accounting; therefore, changes in fair value are recorded in the income statement. The terms of these outstanding caps and floors at June 30, 2003 and December 31, 2002 are as follows at the dates indicated:

	Notional Amount	Maturity	Index	Strike Rate	Fair Value
June 30, 2003					
Caps...........................	$ 105,290	October 2003	LIBOR 1 - Month	7.00%	$ --
Floors.........................	$ 28,729	October 2003	CMT 2 - Year	4.35	287
					$ 287
December 31, 2002					
Caps...........................	$ 111,799	October 2003	LIBOR 1 - Month	7.00%	$ --
Floors.........................	$ 30,563	October 2003	CMT 2 - Year	4.35	592
					$ 592

Foreign Currency Management

We enter into foreign currency derivatives to hedge our investments in foreign subsidiaries that own residual interests backed by residential loans originated in the UK ("UK residuals") and in our shopping center located in Halifax, Nova Scotia (the "Nova Scotia Shopping Center"). It is our policy to periodically adjust the amount of foreign currency derivative contracts we have entered into in response to changes in our investments in these assets. We have determined that the local currency of our investment in UK residuals and the Nova Scotia Shopping Center is the functional currency. Our foreign currency derivative financial instruments qualify for hedge accounting. Accordingly, we include the gains or losses in the net unrealized foreign currency translation in accumulated other comprehensive income in stockholders' equity. The following table sets forth the terms and values of these foreign currency financial instruments at June 30, 2003 and December 31, 2002:

	Position	Maturity	Notional Amount	Strike Rate	Fair Value
June 30, 2003					
Canadian Dollar currency futures.........	Short	September 2003	C$ 11,400	0.7285	$ (101)
British Pound currency futures...........	Short	September 2003	(pound) 17,875	1.6450	(32)
					$ (133)
December 31, 2002					
Canadian Dollar currency futures.........	Short	March 2003	C$ 11,400	0.6390	$ 78
British Pound currency futures...........	Short	March 2003	(pound) 18,750	1.5599	(793)
					$ (715)

NOTE 5 REGULATORY REQUIREMENTS

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 and the regulations promulgated thereunder established certain minimum levels of regulatory capital for savings institutions subject to OTS supervision. The Bank must follow specific capital guidelines stipulated by the OTS, which involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items. An institution that fails to comply with its regulatory capital requirements must obtain OTS approval of a capital plan and can be subject to a capital directive and certain restrictions on its operations. At June 30, 2003, the minimum regulatory capital requirements were:

- Tangible and core capital of 1.50% and 3.00% of total adjusted assets, respectively, consisting principally of stockholders' equity, but excluding most intangible assets, such as goodwill and any net unrealized gains or losses on debt securities available for sale. Effective April 1, 1999, the OTS minimum core capital ratio provides that only those institutions with a Uniform Financial Institution Rating System rating of "1" are subject to a 3.00% minimum core capital ratio. All other institutions are subject to a 4.00% minimum core capital ratio.

- Risk-based capital consisting of core capital plus certain subordinated debt and other capital instruments and, subject to certain limitations, general valuation allowances on loans receivable, equal to 8.00% of the value of risk-weighted assets.

At June 30, 2003 the Bank was "well capitalized" under the prompt corrective action regulations adopted by the OTS pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991. To be categorized as "well capitalized," the Bank must maintain minimum core capital, Tier 1 risk-based capital and risk-based capital ratios as set forth in the following table. The Bank's capital amounts and classification are subject to review by federal regulators regarding components, risk-weightings and other factors. There are no conditions or events since June 30, 2003 that we believe have changed the Bank's category.

Following an examination by the OTS in late 1996 and early 1997, the Bank committed to the OTS to maintain a core capital (leverage) ratio and a total risk-based capital ratio of at least 9.00% and 13.00%, respectively. The Bank continues to be in compliance with this commitment as well as with the regulatory capital requirements of general applicability (as indicated in the table below). Based on discussions with the OTS, the Bank believes that this commitment does not affect its status as a "well-capitalized" institution, assuming the Bank's continued compliance with the regulatory capital requirements required to be maintained by it pursuant to such commitment.

Following the completion of the annual safety and soundness examination of the OTS in 2000, we submitted a written business plan and budget to the OTS regarding our plans for the business, primarily that of the Bank, over the next several years. The primary focus of that plan was the reduction in our non-core business activities and the reduction of our deposit liabilities and long-term debt obligations as we focused on the growth of our fee-based business activities.

The OTS approved the initial plan in February 2001. Since that time, we submitted a revised plan to the OTS in April of 2002. The Plan included as its primary focus the reduction of risk through the sale or resolution of our non-core assets and the reduction of our reliance on brokered certificates of deposit as a source of funding. Based on discussions with the OTS regarding the revised plan, we have committed to maintain our investment in mortgage servicing rights at approximately 60% of core capital (before any deduction thereto for servicing rights) at the Bank and 50% of stockholders' equity on a consolidated basis. We regularly review actual results as compared to our plan with the OTS on a less formal basis. At June 30, 2003 we are above the level of mortgage servicing rights that we committed to maintain. However, based on conversations with the OTS, we are in fundamental compliance with the Plan.

(Dollars in thousands)

The following table summarizes the Bank's actual and required regulatory capital at June 30, 2003:

	Actual		Minimum for Capital Adequacy Purposes		To be Well Capitalized for Prompt Corrective Action Provisions		Committed Capital Requirements
	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Stockholders' equity, and ratio to total assets	17.63%	$ 173,579					
Disallowed servicing assets		(10,243)					
Disallowed deferred tax assets		(22,983)					
Non-includable subsidiary		(848)					
Tier 1 (core) capital and ratio to adjusted total assets	14.67%	139,505	4.00%	$ 38,030	5.00%	$ 47,537	9.00%
Non-mortgage servicing assets		(2,298)					
Tangible capital and ratio to tangible assets	14.47%	$ 137,207	1.50%	$ 14,227			
Tier 1 capital and ratio to risk-weighted assets	18.66%	$ 139,505			6.00%	$ 44,854	
Allowance for loan and lease losses		6,916					
Qualifying subordinated debentures		6,613					
Tier 2 capital		13,529					
Total risk-based capital and ratio to risk-weighted assets	20.47%	$ 153,034	8.00%	$ 59,806	10.00%	$ 74,757	13 .00%
Total regulatory assets		$ 984,840					
Adjusted total assets		$ 950,749					
Tangible assets		$ 948,451					
Risk-weighted assets		$ 747,574					

NOTE 6 INTEREST INCOME AND EXPENSE BEFORE PROVISION FOR LOAN LOSSES

	Three Months		Six Months	
For the periods ended June 30,	2003	2002	2003	2002
(Dollars in thousands)				
Interest income				
Interest earning cash and other	$ 96	$ 69	$ 146	$ 161
Federal funds sold and repurchase agreements	419	693	737	1,272
Trading securities	4,757	4,159	9,622	8,517
Loans	737	2,077	1,109	7,513
Match funded loans and securities	989	1,808	2,141	4,057
	6,998	8,806	13,755	21,520
Interest expense				
Deposits	4,535	7,082	9,400	15,699
Securities sold under agreements to repurchase	--	71	3	198
Bonds - match funded agreements	1,258	1,807	2,564	3,716
Lines of credit and other secured borrowings	1,319	1,180	2,176	2,331
Notes and debentures	2,293	4,574	4,588	9,166
	9,405	14,714	18,731	31,110
Net interest expense before provision for loan losses	$ (2,407)	$ (5,908)	$ (4,976)	$ (9,590)

NOTE 7 BUSINESS SEGMENT REPORTING

An operating segment is defined as a component of an enterprise (a) that engages in business activities from which it may earn revenues and incur expenses, (b) whose operating results are regularly reviewed by the enterprise's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

A brief description of our segments follows:

Core Businesses

- Residential Loan Servicing. Through this business we provide loan servicing including asset management and resolution services to third party owners of subprime residential mortgage and high loan-to-value loans for a fee. We acquire the rights to service loans and obtain such rights by purchasing them outright or by entering into sub-servicing contracts.

- OTX. Through this segment we provide technology solutions for the mortgage and real estate industries. OTX products include a residential loan servicing system (REALServicing(TM)), a commercial loan servicing system (REALSynergy(TM)) and an Internet based mortgage loan processing and vendor management system (REALTransSM).

- Ocwen Realty Advisors (ORA). Through ORA we provide residential property valuation services.

- Unsecured Collections. This core business conducts collection activities for third party owners of unsecured receivables and for a portfolio of unsecured credit card receivables that we acquired at a discount in 1999 and 2000.

- Global Outsourcing. This new business segment began operations in December 2002. Global Outsourcing provides business process outsourcing services to third parties and leverages the operational capacity of our facilities in India.

- International Operations. This segment is being reported as a business segment for the first time this year. In 2003, this segment primarily represents the results of operations of Global Servicing Solutions, LLC, our new joint servicing venture with Merrill Lynch for the servicing of assets in various countries. Results for the first six months of 2002 primarily reflect a one time consulting project for the government of Jamaica.

Non-Core Businesses

- Residential Discount Loans. This segment consisted of operations to acquire at a discount and subsequently resolve sub-performing and non-performing residential mortgage loans. We completed our last acquisition of residential loans in 2000. Based on the relative insignificance of the non-core assets remaining in this segment, the remaining assets of this business and any related income or loss arising from their resolution have been included in the Corporate Items and Other segment beginning January 1, 2003.

- Commercial Finance. This segment comprised operations to acquire sub-performing commercial loans at a discount, as well as operations to invest in and reposition under-performing real estate assets. No assets have been acquired since 2000; since that time, this business has consisted of the repositioning, management and resolution of the remaining assets.

- Affordable Housing. Includes our investments, primarily through limited partnerships, in qualified low-income rental housing for the purpose of obtaining Federal income tax credits pursuant to Section 42 of the Code. Except to complete those projects in which an investment had already been made, we ceased making investments in properties in 2000.

- Subprime Finance. In August 1999, we closed our domestic subprime origination business, which had been conducted primarily through OFS. Previously, activities of this segment included our acquisition and origination of single family residential loans to non-conforming borrowers. We have continued to manage and resolve the remaining non-core assets.

Corporate Items and Other

This segment includes business activities that are individually insignificant, interest income on cash and cash equivalents, interest expense on corporate assets, gains and losses from debt repurchases, trading gains or losses associated with our collateralized mortgage obligation ("CMO") trading portfolio and general corporate expenses.

(Dollars in thousands)

We allocate interest income and expense to each business segment for the investment of funds raised or funding of investments made taking into consideration the duration of such liabilities or assets. We also make allocations of non-interest expense generated by corporate support services to each business segment based upon our estimate of time and effort spent in the respective activity.

Financial information for our segments is as follows for the dates indicated:

	Net Interest Income (Expense)	Provision for Loan Losses	Non-Interest Income	Non-Interest Expense	Pre-Tax Income (Loss)	Total Assets
At or for the three months ended June 30, 2003						
Core businesses						
Residential Loan Servicing	$ (4,937)	$ --	$ 28,810	$ 15,472	$ 8,401	$ 626,050
OTX	--	--	2,534	5,179	(2,645)	6,138
Ocwen Realty Advisors	(6)	--	4,905	3,305	1,594	1,112
Unsecured Collections	--	--	2,653	1,688	964	227
Global Outsourcing	--	--	401	478	(77)	237
International Operations	(11)	--	535	1,281	(757)	5,459
	(4,954)	--	39,838	27,403	7,480	639,223
Non-core businesses						
Commercial Finance	(2,096)	(3,373)	(3,690)	1,853	(4,266)	145,747
Affordable Housing	(811)	3	364	873	(1,324)	64,967
Subprime Finance	4,372	--	3,067	1,655	5,785	41,064
	1,465	(3,370)	(259)	4,381	195	251,778
Corporate Items and Other	1,082	119	104	2,833	(3,294)	371,934
	$ (2,407)	$ (3,251)	$ 39,683	$ 34,617	$ 4,381	$ 1,262,935
At or for the three months ended June 30, 2002						
Core businesses						
Residential Loan Servicing	$ (4,336)	$ --	$ 30,423	$ 18,005	$ 8,083	$ 502,002
OTX (1)	--	--	1,612	6,516	(4,904)	9,276
Ocwen Realty Advisors	--	--	3,518	3,018	499	451
Unsecured Collections	--	(186)	2,851	1,898	1,139	312
Global Outsourcing	--	--	--	--	--	--
International Operations	1	--	--	438	(438)	5,414
	(4,335)	(186)	38,404	29,875	4,379	517,455
Non-core businesses						
Residential Discount Loans	1,677	(165)	73	1,157	757	55,686
Commercial Finance	(2,738)	7,313	(25,968)	2,304	(38,324)	257,182
Affordable Housing	(1,177)	3,770	65	6,794	(11,675)	94,803
Subprime Finance	2,392	--	(235)	1,987	168	51,775
	154	10,918	(26,065)	12,242	(49,074)	459,446
Corporate Items and Other	(1,727)	--	168	2,382	(5,503)	414,880
	$ (5,908)	$ 10,732	$ 12,507	$ 44,499	$ (50,198)	$ 1,391,781

(1) For the three months ended June 30, 2002, non-interest income of OTX includes $1,034 of revenues charged to other business segments.

	Net Interest Income (Expense)	Provision for Loan Losses	Non-Interest Income	Non-Interest Expense	Pre-Tax Income (Loss)	Total Assets
At or for the six months ended June 30, 2003						
Core businesses						
Residential Loan Servicing	$ (9,824)	$ --	$ 59,393	$ 31,920	$ 17,649	$ 626,050
OTX	--	--	5,007	10,979	(5,972)	6,138
Ocwen Realty Advisors	(9)	--	8,726	6,108	2,609	1,112
Unsecured Collections	--	--	5,505	3,224	2,281	227
Global Outsourcing	--	--	752	748	4	237
International Operations	(34)	--	1,227	3,101	(1,908)	5,459
	(9,867)	--	80,610	56,080	14,663	639,223
Non-core businesses						
Commercial Finance	(4,397)	(3,458)	(1,711)	4,274	(6,925)	145,747
Affordable Housing	(1,648)	148	714	2,522	(3,604)	64,967
Subprime Finance	8,859	--	2,463	13,022	(1,700)	41,064
	2,814	(3,310)	1,466	19,818	(12,229)	251,778
Corporate Items and Other	2,077	225	277	5,527	(6,455)	371,934
	$ (4,976)	$ (3,085)	$ 82,353	$ 81,425	$ (4,021)	$1,262,935
At or for the six months ended June 30, 2002						
Core businesses						
Residential Loan Servicing	$ (8,737)	$ --	$ 60,587	$ 36,218	$ 15,631	$ 502,002
OTX (1)	--	--	3,143	13,329	(10,186)	9,276
Ocwen Realty Advisors	--	--	7,628	6,609	1,019	451
Unsecured Collections	--	(251)	5,465	3,633	2,083	312
Global Outsourcing	--	--	--	--	--	--
International Operations	--	--	1,379	1,317	63	5,414
	(8,737)	(251)	78,202	61,106	8,610	517,455
Non-core businesses						
Residential Discount Loans	4,049	(2,302)	(1,768)	2,914	1,668	55,686
Commercial Finance	(3,588)	10,025	(24,606)	4,524	(42,744)	257,182
Affordable Housing	(2,872)	3,939	312	23,161	(29,658)	94,803
Subprime Finance	4,143	--	3,170	2,452	4,861	51,775
	1,732	11,662	(22,892)	33,051	(65,873)	459,446
Corporate Items and Other	(2,585)	--	(1,232)	5,381	(12,427)	414,880
	$ (9,590)	$ 11,411	$ 54,078	$ 99,538	$ (69,690)	$1,391,781

(1) For the six months ended June 30, 2002, non-interest income of OTX includes $2,009 of revenues charged to other business segments.

NOTE 8 COMMITMENTS AND CONTINGENCIES

At June 30, 2003, we had commitments of $149 to fund construction loans secured by multi-family properties. In addition, we had commitments under outstanding letters of credit in the amount of $190. Through our investment in subordinated securities and subprime residual securities, which had a fair value of $43,007 at June 30, 2003, we support senior classes of securities.

On April 20, 1999, a complaint was filed on behalf of a putative class of public shareholders of OCN in the Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida against OCN and OAC. On April 23, 1999, a complaint was filed on behalf of a putative class of public shareholders of OAC in the Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida, against OAC and certain directors of OAC. The plaintiffs in both complaints sought to enjoin consummation of the acquisition of OAC by OCN. The cases were consolidated, and on September 13, 1999 a consolidated amended complaint was filed. The injunction was denied, and on October 14, 1999 OCN was dismissed as a party. Plaintiffs' remaining claims were for damages for alleged breaches of common law fiduciary duties. In October 2001, the parties reached an agreement in principle, which provides for a payment to plaintiffs in complete settlement off all claims for damages and attorney's fees and costs. The agreement in principle also requires us to pay a share of certain additional administrative costs attendant to the settlement, in an amount not yet determined. The agreement in principle is subject to the approval of the Court. This matter is not expected to have a material impact on our financial statements.

The former owners of Admiral Home Loan ("Claimants") filed a Demand for Arbitration against OCN and William C. Erbey claiming damages in the amount of $21,250 arising out of a 1997 acquisition agreement pursuant to which a subsidiary of OCN acquired all the assets of Admiral Home Loan. The Claimants amended their Demand to include a claim for Civil Theft under Florida statutes for which treble damages are sought. An evidentiary hearing on the matter was concluded before a three-person arbitration panel on February 24, 2003. On March 11, 2003, the Parties submitted post-hearing findings of fact and conclusions of law to the arbitration panel, which took the matter under advisement. In a 2 to 1 decision issued on April 24, 2003, the arbitration panel awarded the Claimants $6,000 plus interest and costs. In the first quarter of 2003, we established a reserve in the amount of $10,000 including attorney fees as a result of this award.

We are subject to various other pending legal proceedings. In our opinion, the resolution of these other claims will not have a material effect on the consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
(Dollars in thousands, except share data)

General

OCN is a financial services company headquartered in West Palm Beach, Florida. Our primary business is the servicing and special servicing of nonconforming, subperforming and nonperforming residential and commercial mortgage loans. We also specialize in the development of related loan servicing technology and software for the mortgage and real estate industries.

OCN is a registered savings and loan holding company subject to regulation by the OTS. The Bank is subject to regulation by the OTS, its chartering authority, and by the Federal Deposit Insurance Corporation ("FDIC") as a result of its membership in the Savings Association Insurance Fund, which insures the Bank's deposits up to the maximum extent permitted by law. The Bank is also subject to regulation by the Board of Governors of the Federal Reserve System and is currently a member of the Federal Home Loan Bank ("FHLB") of New York, one of the 12 regional banks that comprise the FHLB System.

We operate one bank branch in Fort Lee, New Jersey. This location, which provides most of our retail banking services, is primarily focused on the issuance of retail certificates of deposit that serve as a supplementary source of financing for us. We do not conduct loan origination activities in the Fort Lee branch. In prior years, we had also issued brokered certificates of deposit from our offices in West Palm Beach, Florida. However, we ceased the issuance of brokered deposits in the summer of 2000 and have since paid off our maturing brokered deposits as they have come due. We also currently operate several of our core businesses primarily in the Bank: Residential Loan Servicing, ORA and portions of Unsecured Collections. In addition, our non-core Affordable Housing business operates in the Bank, as does a portion of our non-core Commercial Finance business. Despite the reduction in our reliance on brokered certificates of deposit as a funding source, the retail deposits issued by our banking operation continue to provide an important source of financing for these business activities. See "Liquidity, Commitments and Off-Balance Sheet Risks" for additional discussion of brokered and non-brokered deposits as a source of funding.

The following discussion of our consolidated financial condition, results of operations, capital resources and liquidity should be read in conjunction with the Interim Consolidated Financial Statements and related Notes included in Item 1 herein.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
(Dollars in thousands, except share data)

Selected Consolidated Financial Information

Balance Sheet Data	June 30, 2003	December 31, 2002	Increase (Decrease) $	Increase (Decrease) %
Total assets	$1,262,935	$1,222,242	$ 40,693	3%
Trading securities, at fair value	51,836	58,895	(7,059)	(12)
Investments in real estate	55,453	58,676	(3,223)	(5)
Affordable housing properties	12,182	15,319	(3,137)	(20)
Loans, net	35,922	76,857	(40,935)	(53)
Match funded assets, net	152,968	167,744	(14,776)	(9)
Real estate owned, net	53,781	62,039	(8,258)	(13)
Advances on loans and loans serviced for others	304,690	266,356	38,334	14
Mortgage servicing rights	180,789	171,611	9,178	5
Total liabilities	900,492	853,497	46,995	6
Deposits	391,371	425,970	(34,599)	(8)
Escrow deposits on loans and loans serviced for others	105,395	84,986	20,409	24
Bonds-match funded agreements	130,110	147,071	(16,961)	(12)
Lines of credit and other secured borrowings	161,398	82,746	78,652	95
Notes and debentures	76,540	76,975	(435)	(1)
Minority interest in subsidiary	1,442	1,778	(336)	(19)
Capital Securities	56,249	56,249	--	--
Stockholders' equity	304,752	310,718	(5,966)	(2)

	At or for the Three Months Ended June 30,			
			Favorable/(Unfavorable)	
Operations Data	2003	2002	$	%
Net income (loss)	$ 4,149	$ (50,198)	$ 54,347	108%
Net interest income (expense)	(2,407)	(5,908)	3,501	59
Provision for loan losses	(3,251)	10,732	13,983	130
Non-interest income	39,683	12,507	27,176	217
Non-interest expense	34,617	44,499	9,882	22
Distributions on Capital Securities	1,529	1,566	37	2
Income tax expense	305	--	(305)	(100)
Per Common Share				
Net income (loss)				
Basic	$ 0.06	$ (0.75)	$ 0.81	108%
Diluted	0.06	(0.75)	0.81	108%
Stock price				
High	$ 4.87	$ 7.50	$ (2.63)	(35)%
Low	3.13	5.31	(2.18)	(41)%
Close	4.54	5.50	(0.96)	(17)%
Key Ratios				
Annualized return on average assets	1.30%	(13.67)%	N/A	110%
Annualized return on average equity	5.46%	(56.24)%	N/A	110%
Efficiency ratio (1)	85.42%	(1,076.68)%	N/A	108%
Core (leverage) capital ratio	14.67%	14.88%	N/A	(1)%
Risk-based capital ratio	20.47%	23.13%	N/A	(12)%

(1) The efficiency ratio represents non-interest expense divided by the sum of net interest income or expense after provision for loan losses and non-interest income.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
(Dollars in thousands, except share data)

Operations Data	At or for the Three Months Ended June 30, 2003	2002	Favorable/(Unfavorable) $	%
Net income (loss)	$ (4,297)	$ (54,690)	$ 50,393	92%
Net interest income (expense)	(4,976)	(9,590)	4,614	48
Provision for loan losses	(3,085)	11,411	14,496	127
Non-interest income	82,353	54,066	28,287	52
Non-interest expense	81,425	99,526	18,101	18
Distributions on Capital Securities	3,058	3,229	170	5
Income tax expense	612	1,166	554	48
Effect of change in accounting principle, net of taxes	--	16,166	(16,166)	(100)
Per Common Share				
Net loss				
Basic and diluted	$ (0.06)	$ (0.81)	$ 0.75	92%
Stock price				
High	$ 4.87	$ 8.48	$ (3.61)	(43)%
Low	2.71	5.31	(2.60)	(49)%
Key Ratios				
Annualized return on average assets	(0.68)%	(7.12)%	N/A	90%
Annualized return on average equity	(2.80)%	(29.53)%	N/A	90%
Efficiency ratio (1)	101.20%	301.00%	N/A	(66)%

(1) The efficiency ratio represents non-interest expense divided by the sum of net interest income or expense after provision for loan losses and non-interest income.

Overview of Risks and Related Critical Accounting Policies

For the past several years, we have been undergoing a fundamental transition in the nature of our business. In late 1999 and early 2000, we began to execute a strategic plan to shift our business activities away from capital-intensive businesses involving the purchase or origination of loans, real estate and related assets toward less capital-intensive businesses that generate fee-based revenues. As a result, we generally ceased to originate loans or invest in assets in certain of our business segments ("non-core businesses") unless we were contractually committed to do so. However, we continue actively to manage and resolve the remaining assets in these segments. As of June 30, 2003, our core and non-core businesses were as follows:

Core Businesses	Non-Core Businesses
Residential Loan Servicing	Commercial Finance
Ocwen Technology Xchange ("OTX")	Affordable Housing
Ocwen Realty Advisors ("ORA")	Subprime Finance
Unsecured Collections	
Global Outsourcing	
International Operations	

In addition to our business segments, we use our Corporate Items and Other segment to account for certain items of revenue and expense that are not directly related to a business unit. We include in our Corporate Items and Other segment interest income on cash and cash equivalents, interest expense on corporate assets, gains and losses from debt repurchases, trading gains or losses associated with our collateralized mortgage obligation ("CMO") trading portfolio and general corporate expenses.

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Principal Risk Factors. We included a discussion of the principal risk factors that relate to our businesses and may affect future results on pages 16 through 19 of Management's Discussion and Analysis of Operations and Financial Conditions in our Annual Report on Form 10-K for the year ended December 31, 2002.

Critical Accounting Policies. Our strategies to exit non-core businesses and expand our core businesses are affected by risks in the marketplace. Further, our ability to measure and report our operating results and financial position is heavily influenced by the need to estimate the impact or outcome of these risks, or other future events. Our critical accounting policies are those that relate to the estimation and measurement of these risks, and an understanding of these policies is fundamental to understanding Management's Discussion and Analysis of Results of Operations and Financial Condition. We summarize our more subjective and complex accounting policies as they relate to our overall business strategy on pages 19 and 20 of Management's Discussion and Analysis of Results of Operations and Financial Condition in our Annual Report on Form 10-K for the year ended December 31, 2002. We discuss our significant accounting policies in detail in Note 1 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2002.

Results of Operations

General. We recorded net income of $4,149 for the second quarter of 2003, as compared to a net loss of $(50,198) for the second quarter of 2002. Our earnings per share were $0.06 for the second quarter of 2003, as compared to a loss per share of $(0.75) for the second quarter of 2002. For the six months ended June 30, 2003 we recorded a net loss of $(4,297) or $(0.06) per share as compared to a loss of $(54,690) or $(0.81) per share for the same period of 2002.

Our core businesses recorded combined pre-tax income of $7,480 in the second quarter of 2003, an increase of $3,101 or 71% as compared to the second quarter of 2002. For the first six months of 2003, pre-tax income for our core businesses was $14,663, an increase of $6,053 or 70% compared to the same period of 2002. The improvement in combined pre-tax income from our core business segments in 2003 as compared to 2002 is primarily due to declines in OTX losses and an increase in Residential Loan Servicing income. Our non-core business segments earned pre-tax income of $195 in the second quarter of 2003, a $49,269 improvement over the loss in the second quarter of 2002. For the first six months of 2003 our non-core businesses incurred a pre-tax loss of $(12,229) in 2003, an improvement of $53,644 over the same period of 2002. The improvement in the combined results of our non-core segments in 2003 as compared to 2002 is largely due to a reduction in loss provisions and impairment charges on Commercial and Affordable Housing assets. Results of our Corporate Items and Other segment have also improved over 2002 as losses have continued to decline in 2003 largely due to reduced interest expense resulting from debt repurchases in the fourth quarter of 2002. We discuss these segment results in detail in our review of segment profitability, which follows.

Segment Profitability. In general, we have ceased conducting any new business activities related to our non-core businesses, although we are actively engaged in the sale or other resolution of the remaining non-core assets. These assets are comprised of loans, real estate owned (REO), investments in real estate, securities held in our residual and subordinate trading portfolio and affordable housing properties.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
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The following tables present the pre-tax income (loss) and total assets for each of our reportable segments at and for the dates indicated:

	Pre-Tax Income (loss)			
	Three Months		Six Months	
For the periods ended June 30,	2003	2002	2003	2002
Core businesses				
Residential Loan Servicing	$ 8,401	$ 8,083	$ 17,649	$ 15,631
OTX	(2,645)	(4,904)	(5,972)	(10,186)
Ocwen Realty Advisors	1,594	499	2,609	1,019
Unsecured Collections	964	1,139	2,281	2,083
Global Outsourcing	(77)	--	4	--
International Operations	(757)	(438)	(1,908)	63
	7,480	4,379	14,663	8,610
Non-core businesses				
Residential Discount Loans	--	757	--	1,668
Commercial Finance	(4,266)	(38,324)	(6,925)	(42,744)
Affordable Housing	(1,324)	(11,675)	(3,604)	(29,658)
Subprime Finance	5,785	168	(1,700)	4,861
	195	(49,074)	(12,229)	(65,873)
Corporate Items and Other	(3,294)	(5,503)	(6,455)	(12,427)
	$ 4,381	$ (50,198)	$ (4,021)	$ (69,690)

	Total Assets	
	June 30, 2003	December 31, 2002
Core businesses		
Residential Loan Servicing	$ 626,050	$ 579,114
OTX	6,138	6,172
Ocwen Realty Advisors	1,112	532
Unsecured Collections	227	296
Global Outsourcing	237	6
International Operations	5,459	5,366
	639,223	591,486
Non-Core Businesses		
Residential Discount Loans	--	44,833
Commercial Finance	145,747	196,269
Affordable Housing	64,967	62,093
Subprime Finance	41,064	41,949
	251,778	345,144
Corporate Items and Other	371,934	285,612
	$1,262,935	$ 1,222,242

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The following table summarizes our remaining investment in non-core assets, which are included in the total asset amounts presented above:

	Non-Core Assets	
	June 30, 2003	December 31, 2002
Non-Core Businesses		
Residential Discount Loans	$ --	$ 4,633
Commercial Finance	139,195	190,602
Affordable Housing (1)	18,456	21,548
Subprime Finance (2)	39,047	33,447
Corporate Items and Other	3,647	--
	$200,345	$ 250,230

(1) At June 30, 2003 and December 31, 2002, properties with a carrying value of $2,770 and $4,458 respectively, were subject to sales contracts that had not yet met the accounting criteria for sales treatment.

(2) The increase in non-core assets of the Subprime Finance segment in 2003 is in large part due to the transfer of securities formerly classified as "Match Funded Assets" to "Trading Securities" during the second quarter as a result of the repurchase and retirement of the associated match funded debt. See "Changes in Financial Condition - Match Funded Assets." These securities had a fair value of $5,926 at June 30, 2003.

The following is a discussion of the pre-tax income (loss) for each of our reportable business segments.

Residential Loan Servicing. Through this core business we provide loan servicing, including asset management and resolution services, to third party owners of subprime residential mortgage and "high loan to value" loans for a fee. We acquire the rights to service loans and obtain such rights by purchasing them outright or by entering into sub-servicing contracts. Results for the second quarter and the first six months of 2003 as compared to the same periods of 2002 reflect growth in the volume of mortgage loans serviced as shown in the table below.

	2003	2002
Number of loans at June 30	339,902	318,993
Unpaid principal balance at June 30	$33,713,494	$25,989,479
Average unpaid principal balance for the following periods:		
Three months ended June 30	$30,994,887	$24,794,375
Six months ended June 30	$30,730,460	$23,850,396

Selected information	Three Months		Six Months	
For the periods ended June 30,	2003	2002	2003	2002
Net interest expense	$ 4,937	$ 4,336	$ 9,824	$ 8,737
Servicing and other fees	28,304	29,869	58,511	59,466
Non-interest expense	15,472	18,005	31,920	36,218

- The trend of increasing net interest expense reflects increased borrowing to support increases in the average balance of advances and servicing rights, which do not earn interest. See "Net interest Income (Expense)" for additional information regarding average balances.

- In spite of the current low interest rate environment and an impairment charge of $387 in the second quarter of 2003, pre-tax income increased by $318 in the second quarter of 2003 as compared to 2002. For the first six months of 2003, pre-tax income improved to $17,649, an increase of $2,018 or 13% as compared to the same period of 2002. The improvement in pre-tax earnings during 2003 was largely due to volume growth and expense reduction efforts. See "Non-Interest Income - Servicing and Other Fees" for a detail of the principal components of servicing and other fees.

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- Non-interest expense decreased by $2,533 or 14% in the second quarter of 2003 as compared to 2002. Year to date, non-interest expense declined $4,298 or 12% in 2003 as compared to 2002. This decline in non-interest expense occurred in spite of the fact that the number of assets we serviced actually increased during 2003. The decline in such expenses was a result of cost reduction initiatives in the areas of compensation and employee benefits and technology and communication costs.

OTX. Through this core segment we provide technology solutions for the mortgage and real estate industries. OTX products include a residential loan servicing system (REALServicing), a commercial loan servicing system (REALSynergy) and an internet-based mortgage loan processing application and vendor management system (REALTrans). The losses incurred by this segment, which began its operations in 1998, are a result of our continuing investment in the development and marketing of these technology products. The decline in the loss incurred in the second quarter and the first six months of 2003 as compared to the same periods of 2002 is largely the result of ongoing cost reduction efforts, including expanded use of our India resources, and to a lesser degree an increase in software revenues.

Selected information For the periods ended June 30,	Three Months 2003	 2002	Six Months 2003	 2002
Non-interest income	$ 2,534	$ 1,612	$ 5,007	$ 3,143
Non-interest expense	5,179	6,516	10,979	13,329

- The increase in non-interest income in the second quarter of 2003 as compared to 2002 was largely due to a $616 increase in transaction fees resulting from an increase in REALTrans transaction volumes. Year to date, non-interest income for 2003 increased by $1,864 as compared to the same period of 2002 including an increase of $1,261 related to REALTrans.

- The $1,337 or 21% decline in non-interest expense in the second quarter of 2003 as compared to 2002 primarily reflects an $851 decline in technology and communication costs and a $336 decline in compensation and benefits. For the first six months of 2003, non-interest expense declined by $2,350 primarily due to a $1,372 decline in compensation and benefits and a $609 decline in technology and communication costs.

Ocwen Realty Advisors. Through ORA we provide residential property valuation services. Results for the second quarter of 2003 reflect an improvement in pre-tax profit of $1,095 or 219% over 2002. Year to date, pre-tax profit improved by $1,590 or 156% in 2003 as compared to 2002.

Selected information For the periods ended June 30,	Three Months 2003	 2002	Six Months 2003	 2002
Non-interest income	$ 4,905	$ 3,518	$ 8,726	$ 7,628
Non-interest expense	3,305	3,018	6,108	6,609

- Our increased profitability reflects an improved gross margin as valuation expenses declined from 72% of revenues in both the second quarter and first six months of 2002 to 55% for the same periods of 2003.

Unsecured Collections. This core business conducts collection activities for third party owners of unsecured receivables and for a portfolio of unsecured credit card receivables that we acquired at a discount in 1999 and 2000. We accounted for collections of our unsecured credit card receivables portfolio under the cost recovery method through the end of 2001, when we reduced the net book value of these unsecured receivables to zero as a result of collections and additional reserves.

Selected information For the periods ended June 30,	Three Months 2003	 2002	Six Months 2003	 2002
Non-interest income:				
Collections	$ 689	$ 1,083	$ 1,546	$ 2,490
Third-party fees	1,942	1,765	3,902	2,973
Other	22	3	57	2
Non-interest expense	1,688	1,898	3,224	3,633

Global Outsourcing. This new business segment began operations in December 2002 and recorded a pre-tax loss of $(77) in the second quarter of 2003 and pre-tax income of $4 for the first six months of 2003. These results primarily reflect start-up costs incurred in connection with employee training

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for new contracts expected to begin operations in the third quarter. Global Outsourcing provides business process outsourcing services to third parties and leverages the operational capacity of our facilities in India.

International Operations. This segment, which is being reported as a core business segment for the first time this year, recorded a pre-tax loss of $(757) in the second quarter and $(1,908) for the first six months of 2003. In 2002, International Operations reported a pre-tax loss of $(438) for the second quarter and pre-tax income of $63 for the first six months. In 2003, this segment primarily represents the results of operations of Global Servicing Solutions, LLC, our new joint servicing venture with Merrill Lynch for the servicing of assets in various countries. Results for 2002 primarily reflect a one time consulting project for the government of Jamaica.

Residential Discount Loans. Based on the relative insignificance of the non-core assets remaining in this segment, the remaining assets of this business and any related income or loss arising from their resolution have been included in the Corporate Items and Other segment beginning January 1, 2003. Results for this non-core segment reflect the sale and resolution of loans and real estate owned as part of our ongoing strategy to exit capital-intensive businesses. This segment consisted of operations to acquire at a discount and subsequently resolve sub-performing and non-performing residential mortgage loans. We completed our last acquisition of residential discount loans in 2000. See "Changes in Financial Condition - Loans, Net." This business held non-core assets of $4,633 at December 31, 2002.

Selected information For the periods ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Net interest income	--	$ 1,677	$ --	$ 4,049
Provision for loan losses	--	(165)	--	(2,302)
Non-interest income:				
Gain (loss) on interest earning assets, net	--	(427)	--	(2,436)
Gain on real estate owned, net	--	336	--	500
Other	--	164	--	168
Non-interest expense	--	1,157	--	2,914

- Loss on interest earning assets is primarily comprised of losses from the sale of loans.

Commercial Finance. Results for this non-core segment reflect our continuing exit from loan and real estate businesses. We have not purchased any commercial assets since 2000. With the exception of loans made to facilitate the sale of our own assets, we have also not originated any loans since 2000. See "Changes in Financial Condition - Loans, Net." Since then, this business has consisted of the management, repositioning, and resolution of the remaining non-core assets. At June 30, 2003, the $139,195 of non-core assets remaining in this business consisted of 14 loan and real estate assets and an unrated subordinate security with a fair value of $2,577. These 14 assets consisted of five loans totaling $28,736, four REO properties totaling $52,429 and four investments in real estate totaling $55,453. Of the 14 remaining assets, the five largest amounted to $103,643 or 76% of the total. During the second quarter of 2003, three loans and one REO property were sold with a combined net book value prior to sale of $46,533. While we believe that additional sales will occur during 2003, it is probable that some properties will not be sold until 2004 or later.

We regularly assess the value of our remaining assets and provide additional loss reserves or impairment charges as appropriate. Combined reserves on our remaining commercial loans and REO balances at June 30, 2003 amounted to 26% of the book value of such assets, consistent with reserve levels at December 31, 2002.

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Selected information For the periods ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Net interest expense	$ 2,096	$ 2,738	$ 4,397	$ 3,588
Provision for loan losses	(3,373)	7,313	(3,458)	10,025
Non-interest income:				
Gain (loss) on real estate owned, net	(159)	(12,142)	197	(16,331)
Gain (loss) on interest-earning assets, net	27	(541)	27	(541)
Net operating gain (loss) on investments in real estate	(4,595)	(13,993)	(3,701)	(9,339)
Other	1,037	708	1,766	1,605
Non-interest expense	1,853	2,304	4,274	4,524

- The negative provision for loan losses in 2003 primarily resulted from the recovery of excess reserves on loan sales during the second quarter. Reserve levels on our remaining commercial loans were 13% of book value at June 30, 2003 as compared to 19% at December 31, 2002. See "Provision for Loan Losses".

- The loss on REO for the second quarter of 2003 included a provision for loss in fair value of $691 as compared to $12,551 for the second quarter of 2002. For the year to date periods, the provision for loss in fair value amounted to $336 and $17,752 for 2003 and 2002, respectively. Reserves on our four remaining commercial REO properties at June 30, 2003 amounted to 32% of book value. This compares to reserve levels of 30% of book value on six properties at December 31, 2002.

- Net operating losses on investments in real estate for 2003 and 2002 included impairment charges of $5,526 and $15,317, respectively, recorded in the second quarter. Earnings on loans accounted for as investments in real estate declined to $346 for the first six months of 2003 from $3,909 for the same period of 2002 as a result of sales and resolutions. See "Changes in Financial Condition - Investments in Real Estate".

Affordable Housing. Historically, we invested in affordable housing properties primarily through a series of limited partnerships. Except to complete those projects in which an investment had already been made, we ceased making investments in properties in 2000 as part of our shift in strategy to fee-based businesses and because the volume of tax credits being generated was exceeding our ability to utilize them effectively. Since that time, we have been marketing each of these properties for sale. As a result of sales and increased reserve levels, our investment in affordable housing properties had been reduced to $12,182 at June 30, 2003 from $15,319 at December 31, 2002. Of the remaining balance, $2,770 relates to a property that is subject to a sales contract that has not yet met the accounting criteria for sales treatment. In addition, this segment has $6,274 of loans outstanding for limited partnership properties that we do not consolidate in our financial statements. While we cannot project sales with certainty, we believe that it is possible that we will sell the remaining properties before the end of 2003 and that new sources of financing will be established to repay the remaining loan balances. We regularly assess the carrying value of our remaining assets and provide additional loss reserves as appropriate. At June 30, 2003, our combined reserves associated with affordable housing properties and loans amounted to 51% of the remaining book value of such assets as compared to 48% at December 31, 2002.

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Selected information For the periods ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Net interest expense	$ 811	$ 1,177	$ 1,648	$ 2,872
Provision for loan losses	3	3,770	148	3,939
Net operating losses on investments in certain affordable housing properties	226	6,228	883	21,909

- Net interest expense has declined primarily because finance charges have declined as affordable housing properties have been sold. This trend was offset in part by an increase in receivables, which also are not interest-bearing, arising from sales.

- The provision for loan losses in 2002 reflects an increase in reserves during the second quarter in response to revisions in estimated permanent financing proceeds. Reserve levels on these loans were 42% of book value at both June 30, 2003 and December 31, 2002.

- Net operating losses have declined primarily because of a decline in charges we recorded for estimated losses on the sale of the properties. These charges amounted to $5,998 and $21,294 during the three and six months ended June 30, 2002, respectively. Losses for 2003 included $432 of such charges recorded in the first quarter. The reserves associated with our remaining properties amounted to 55% at June 30, 2003 as compared to 50% at December 31, 2002. See "Changes in Financial Condition - Affordable Housing Properties."

Subprime Finance. We were engaged in domestic subprime residential loan origination prior to ceasing originations in August of 1999; however, we have continued to manage and resolve the remaining non-core assets. At June 30, 2003, the non-core assets remaining in this business consisted primarily of trading securities with a fair value of $38,960, including $5,926 of securities previously reported as match funded assets. These securities are presently generating income and return of principal through cash flows.

Selected information For the periods ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Interest income	$ 4,656	$ 3,274	$ 9,486	$ 6,188
Interest expense	284	882	627	2,045
Gain (loss) on trading securities, net	3,071	(65)	2,466	3,338
Non-interest expense	1,655	1,987	13,022	2,452

- The increase in interest income during 2003 as compared to 2002 is largely the result of an increase in cash flow distributions received on unrated single family subprime residual securities.

- The decline in interest expense is consistent with the declines in securities and loan balances.

- Net gains on trading securities for 2002 included $4,406 of realized gains from sales during the second quarter.

- The $10,570 increase in non-interest expense during the first six months of 2003 compared to 2002 is primarily due to the $10,000 Admiral Home Loan arbitration loss and related legal expenses. See Note 8 to the Interim Consolidated Financial Statements for additional information regarding this litigation.

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Corporate Items and Other. Pre-tax results for this segment include business activities that are individually insignificant, interest income on cash and cash equivalents, interest expense on corporate assets, gains and losses from debt repurchases, trading gains or losses associated with our CMO trading portfolio and general corporate expenses. The table below presents the more significant amounts included in each of the periods indicated.

Selected information For the periods ended June 30,	Three Months		Six Months	
	2003	2002	2003	2002
Net interest expense	$ 1,634	$ 3,761	$ 3,521	$ 7,407
Distributions on Capital Trust Securities	1,529	1,566	3,058	3,229
Technology and other corporate expenses	1,628	2,888	3,299	6,025
Gain (loss) on debt repurchases	(4)	1,070	(4)	1,074

- Net interest expense in 2003 declined primarily as a result of significant debt repurchases during the fourth quarter of 2002 and the ongoing reduction in brokered deposits.

- Corporate expenses declined in 2003 primarily as a result of a reduction in technology and other operating expenses retained in this segment. The decline in technology and other corporate expenses retained in this segment resulted primarily from cost savings initiatives that we completed in the fourth quarter of 2002.

See Note 7 to the Interim Consolidated Financial Statements, included in Item 1 herein, for additional information related to our operating segments.

Net Interest Income (Expense). Net interest income (expense) is the difference between the interest income earned from our interest-earning assets and the interest expense incurred on our interest-bearing liabilities. Net interest income (expense) is determined by net interest spread (i.e., the difference between the yield earned on our interest-earning assets and the rates incurred on our interest-bearing liabilities), the relative amount of interest-earning assets and interest-bearing liabilities and the degree of mismatch in the maturity and repricing characteristics of our interest-earning assets and interest-bearing liabilities.

In addition to interest income reported in this caption, we also earn interest on the balance of custodial accounts we hold in connection with our Residential Loan Servicing business. These amounts are reported as servicing fees and are not included in the following information. See "Non-Interest Income - - Servicing and Other Fees".

Our net interest income and net interest margin began declining in 2000 and have been negative since 2001. This trend reflects a decline in the ratio of interest-earning assets to interest-bearing liabilities, which has fallen from 98% in 1999 to 46% in the second quarter of 2003 (59% in the second quarter of 2002). Both our acquisition of OAC in 1999 and our change in strategic direction from capital-intensive businesses to fee-based sources of income have contributed to an increase in the relative amount of non-interest-earning assets (such as real estate, advances on loans serviced for others and mortgage servicing rights) that are funded by interest-bearing liabilities. We expect this trend to continue as we dispose of our remaining non-core assets, a portion of which are interest-bearing, and increase non-interest-earning assets of our core businesses. On the other hand, the net interest spread and margin actually improved during the three and six months ended June 30, 2003 as compared to the same periods of 2002 primarily as a result of debt we redeemed during November 2002 totaling $73,545, which had relatively high fixed rates of interest expense and maturity of brokered certificates of deposit.

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The following tables set forth, for the periods indicated, information regarding the total amount of income from our interest-earning assets and the resultant average yields, the interest expense associated with our interest-bearing liabilities, expressed in dollars and rates, and the net interest spread and net interest margin. Information is based on average daily balances for the indicated periods:

	Three Months Ended June 30,					
	2003			2002		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Average Assets						
Interest earning cash and other....................	$ 29,679	$ 96	1.29%	$ 13,524	$ 69	2.04%
Federal funds sold and repurchase agreements.......	135,794	419	1.23	151,017	693	1.84
Trading securities						
CMOs (AAA-rated)................................	10,500	16	0.61	114,512	831	2.90
Subordinates, residuals and other..............	36,503	4,741	51.95	37,975	3,328	35.05
Loans (1)..	93,499	737	3.15	153,397	2,077	5.42
Match funded loans and securities..................	44,063	989	8.98	69,532	1,808	10.40
Total interest earning assets...................	350,038	6,998	8.00	539,957	8,806	6.52
Non-interest earning cash..........................	85,813			67,765		
Affordable housing properties......................	13,146			61,430		
Real estate owned, net.............................	55,614			97,234		
Investment in real estate..........................	59,944			90,136		
Advances on loans and loans serviced for others....	288,805			265,077		
Mortgage servicing rights..........................	172,251			123,385		
Match funded advances on loans serviced for others.	118,546			96,845		
Receivables..	76,385			61,794		
Other assets.......................................	59,558			64,786		
Total assets...................................	$1,280,100			$1,468,409		
Average Liabilities and Stockholders Equity						
Interest-bearing demand deposits...................	$ 17,005	60	1.41%	$ 15,246	56	1.47%
Savings deposits...................................	1,423	3	0.84	1,764	5	1.13
Certificates of deposit............................	404,334	4,472	4.42	483,881	7,021	5.80
Total interest-bearing deposits................	422,762	4,535	4.29	500,891	7,082	5.66
Securities sold under agreements to repurchase.....	--	--		15,341	71	1.85
Bonds-match funded agreements......................	136,106	1,258	3.70	148,046	1,807	4.88
Lines of credit and other secured borrowings.......	121,173	1,319	4.35	96,914	1,180	4.87
Notes and debentures...............................	76,869	2,293	11.93	153,451	4,574	11.92
Total interest-bearing liabilities.............	756,910	9,405	4.97	914,643	14,714	6.43
Non-interest bearing deposits......................	5,783			6,789		
Escrow deposits....................................	96,695			83,852		
Excess of net assets acquired over purchase price..	--			1,478		
Other liabilities..................................	59,175			47,043		
Total liabilities..............................	918,563			1,053,805		
Capital Securities.................................	56,249			57,592		
Minority interest..................................	1,561			16		
Stockholders' equity...............................	303,727			356,996		
Total liabilities and stockholders' equity......	$1,280,100			$1,468,409		
Net interest income (expense)......................		$ (2,407)			$ (5,908)	
Net interest spread................................			3.03%			0.09%
Net interest margin................................			(2.75)%			(4.38)%
Ratio of interest-earning assets to interest-bearing liabilities..................	46%			59%		

(1) The average balances include non-performing loans, interest on which is recognized on a cash basis.

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	Six Months Ended June 30,					
	2003			2002		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Average Assets						
Interest earning cash and other	$ 20,815	$ 146	1.40%	$ 13,878	$ 161	2.32%
Federal funds sold and repurchase agreements	120,237	737	1.23	144,290	1,272	1.76
Trading securities						
CMOs (AAA-rated)	13,310	(90)	(1.35)	125,191	2,144	3.43
Subordinates, residuals and other	36,679	9,712	52.96	52,306	6,373	24.37
Loans (1)	97,409	1,109	2.28	171,098	7,513	8.78
Match funded loans and securities	47,056	2,141	9.10	72,751	4,057	11.15
Total interest earning assets	335,506	13,755	8.20	579,514	21,520	7.43
Non-interest earning cash	86,427			60,841		
Affordable housing properties	14,141			82,003		
Real estate owned, net	56,445			104,283		
Investment in real estate	59,359			99,890		
Real estate held for sale	--			6,637		
Advances on loans and loans serviced for others	285,346			269,038		
Mortgage servicing rights	171,535			113,423		
Match funded advances on loans serviced for others	119,263			100,156		
Receivables	80,300			55,793		
Other assets	53,270			64,466		
Total assets	$1,261,592			$1,536,044		
Average Liabilities and Stockholders Equity						
Interest-bearing demand deposits	$ 16,818	119	1.42%	$ 13,599	123	1.81%
Savings deposits	1,490	7	0.94	1,587	9	1.13
Certificates of deposit	402,762	9,274	4.61	523,933	15,567	5.94
Total interest-bearing deposits	421,070	9,400	4.46	539,119	15,699	5.82
Securities sold under agreements to repurchase	500	3	1.20	21,420	198	1.85
Bonds-match funded agreements	139,919	2,564	3.66	150,794	3,716	4.93
Lines of credit and other secured borrowings	107,955	2,176	4.03	98,624	2,331	4.73
Notes and debentures	76,922	4,588	11.93	152,476	9,166	12.02
Total interest-bearing liabilities	746,366	18,731	5.02	962,433	31,110	6.46
Non-interest bearing deposits	5,332			6,298		
Escrow deposits	93,237			81,661		
Excess of net assets acquired over purchase price	--			1,478		
Other liabilities	51,691			54,589		
Total liabilities	896,626			1,106,459		
Capital Securities	56,249			59,376		
Minority interest	1,589			(230)		
Stockholders' equity	307,128			370,439		
Total liabilities and stockholders' equity	$1,261,592			$1,536,044		
Net interest income (expense)		$ (4,976)			$ (9,590)	
Net interest spread			3.18%			0.97%
Net interest margin			(2.97)%			(3.31)%
Ratio of interest-earning assets to interest-bearing liabilities	45%			60%		

(1) The average balances include non-performing loans, interest on which is recognized on a cash basis.

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The following table describes the extent to which changes in interest rates and changes in volume of interest-earning assets and interest-bearing liabilities have affected our interest income and expense during the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (change in volume multiplied by prior rate), (ii) changes in rate (change in rate multiplied by prior volume) and (iii) total change in rate and volume. Changes attributable to both volume and rate have been allocated proportionately to the change due to volume and the change due to rate.

	Three Months			Six Months		
	2003 vs. 2002			2003 vs. 2002		
For the period ended June 30, 2003 vs. 2002	Favorable (Unfavorable) Variance Due To			Favorable (Unfavorable) Variance Due To		
	Rate	Volume	Total	Rate	Volume	Total
Interest Income from Interest-Earning Assets						
Interest earning cash and other	$ (32)	$ 59	$ 27	$ (78)	$ 63	$ (15)
Federal funds sold and repurchase agreements............................	(210)	(64)	(274)	(346)	(189)	(535)
Trading securities:						
CMOs (AAA-rated)	(379)	(436)	(815)	(1,362)	(872)	(2,234)
Subordinates, residuals and other ...	1,547	(134)	1,413	5,696	(2,357)	3,339
Loans	(693)	(647)	(1,340)	(4,049)	(2,355)	(6,404)
Match funded loans and securities	(223)	(596)	(819)	(657)	(1,259)	(1,916)
Total interest income from interest-earning assets	10	(1,818)	(1,808)	(796)	(6,969)	(7,765)
Interest Expense on Interest-Bearing Liabilities						
Interest-bearing demand deposits	2	(6)	(4)	30	(26)	4
Savings deposits	1	1	2	1	1	2
Certificates of deposit	1,507	1,042	2,549	3,103	3,190	6,293
Total interest-bearing deposits	1,510	1,037	2,547	3,134	3,165	6,299
Securities sold under agreements to repurchase	--	71	71	52	143	195
Bonds-match funded agreements	412	137	549	899	253	1,152
Lines of credit and other secured borrowing	134	(273)	(139)	363	(208)	155
Notes and debentures	(3)	2,284	2,281	71	4,507	4,578
Total interest expense on interest-bearing liabilities	2,053	3,256	5,309	4,519	7,860	12,379
Favorable (unfavorable) variance, net ..	$2,063	$ 1,438	$ 3,501	$ 3,723	$ 891	$ 4,614

We incurred net interest expense before provision for loan losses of $(2,407) for the three months ended June 30, 2003 as compared to $(5,908) for the same period of the prior year, a favorable variance of $3,501 or 59%. This favorable variance was due to a decrease in the balance of our average interest-bearing liabilities and an increase in the net interest spread, offset by a decrease in the balance of our average interest-earning assets. The net interest spread increased 294 basis points as a result of a 148 basis-point increase in the weighted average yield on our interest-earning assets, and a 146 basis-point decline in the weighted average rate on our interest-bearing liabilities. The net impact of these rate changes was a $2,063 favorable variance. The average balance of our interest-earning assets decreased by $189,919 or 35% during the second quarter of 2003 and reduced interest income by $1,818. The average balance of our interest-bearing liabilities decreased by $157,733 or 17% during the second quarter of 2003 and decreased interest expense by $3,256. The net impact of these volume changes resulted in a $1,438 favorable variance.

For the first six months of 2003 we incurred net interest expense before provision for loan losses of $(4,976) as compared to $(9,590) for the same period of the prior year, a favorable variance of $4,614 or 48%. This favorable variance was due to a decrease in the balance of our average interest-bearing liabilities and an increase in the net interest spread, offset by a decrease in the balance of our average interest-earning assets. The net interest spread increased 221 basis points as a result of a 77 basis-point increase in the weighted average yield on our interest-earning assets, and a 145 basis-point decline in the weighted average rate on our interest-bearing liabilities. The net impact of these rate changes was a $3,723 favorable variance. The average balance of our interest-earning assets decreased by $244,008 or 42% during the first six months of 2003 and reduced interest income by $6,969. The average balance of our interest-bearing liabilities decreased by

$216,068 or 22% during the first six months of 2003 and decreased interest expense by $7,860. The net impact of these volume changes resulted in an $891 favorable variance.

(Dollars in thousands, except share data)

For the three months ended June 30,	Average Balance 2003	Average Balance 2002	Increase (Decrease) $	Annualized Average Yield 2003	Annualized Average Yield 2002	Increase (Decrease) Basis Points
Interest earning cash and other	$ 29,679	$ 13,524	$ 16,155	1.29%	2.04%	(75)
Federal funds sold and repurchase agreements	135,794	151,017	(15,223)	1.23%	1.84%	(61)
Trading securities:						
CMOs (AAA-rated)	10,500	114,512	(104,012)	0.61%	2.90%	(229)
Subordinates, residuals and other	36,503	37,975	(1,472)	51.95%	35.05%	1,690
Loans	93,499	153,397	(59,898)	3.15%	5.42%	(227)
Match funded loans and securities	44,063	69,532	(25,469)	8.98%	10.40%	(142)
	$ 350,038	$ 539,957	$(189,919)	8.00%	6.52%	148

For the six months ended June 30,	Average Balance 2003	Average Balance 2002	Increase (Decrease) $	Annualized Average Yield 2003	Annualized Average Yield 2002	Increase (Decrease) Basis Points
Interest earning cash and other	$ 20,815	$ 13,878	$ 6,937	1.40%	2.32%	(92)
Federal funds sold and repurchase agreements	120,237	144,290	(24,053)	1.23%	1.76%	(53)
Trading securities:						
CMOs (AAA-rated)	13,310	125,191	(111,881)	(1.35)%	3.43%	(478)
Subordinates, residuals and other	36,679	52,306	(15,627)	52.96%	24.37%	2,859
Loans	97,409	171,098	(73,689)	2.28%	8.78%	(650)
Match funded loans and securities	47,056	72,751	(25,695)	9.10%	11.15%	(205)
	$ 335,506	$ 579,514	$(244,008)	8.20%	7.43%	77

Interest income we earned on loans decreased by $1,340 or 65% during the three months ended June 30, 2003 as compared to the same period of the prior year primarily as a result of a $59,898 or 39% decline in the average balance and a 227 basis-point decline in the average yield. For the first six months of 2003, interest income on loans declined $6,404 or 85% as compared to the same period of 2002 primarily as a result of a $73,689 or 43% decline in the average balance and a 650 basis point decline in the average yield. Sales, resolutions, foreclosures and the absence of acquisitions have resulted in the declines in the average balance of loans during 2003. Resolution income declined from $2,691 for the six months ended June 30, 2002 to $57 for the same period of 2003. In addition, there was an increase in the proportion of non-performing loans in the portfolio, on which we do not accrue interest. The yield on loans is likely to fluctuate from period to period as a result of the timing of resolutions, particularly the resolution of large multi-family residential and commercial real estate loans, and the mix of the overall portfolio between performing and non-performing loans. See "Changes in Financial Condition - Loans, Net."

Interest income we earned on match funded loans and securities decreased $819 or 45% in the second quarter of 2003 as compared to the second quarter of 2002. This decrease was due to a $25,469 or 37% decline in the average balances and a 142 basis-point decline in the average yield. For the first six months of 2003, interest income on match funded loans and securities declined $1,916 or 47% compared to the same period of 2002 due to a $25,695 or 35% decline in the average balance and a 205 basis point decline in the average yield. The decline in the average balances during 2003 was primarily the result of principal repayments received on both the loans and securities, as well as the transfer of the match funded securities to residual trading securities during the second quarter as a result of the repurchase and retirement of the related match funded debt. See "Changes in Financial Condition - Match Funded Assets".

Interest income we earned from our combined trading securities portfolio increased from $4,159 during the three months ended June 30, 2002 to $4,757 in the second quarter of 2003, a $598 or 14% increase. For the six months ended June 30, 2003, interest income on trading securities increased $1,105 or 13%. The increase in interest income during 2003 is primarily due to an increase in the average yield earned on subordinates and residuals, offset by a decline in the average balance of our investment in trading securities and a decline in the average yield earned on CMOs. The increase in the average yield on subordinate and residual securities in 2003 is largely the result of sales of low-yielding unrated subprime residuals during 2002 and an increase in interest payments received on unrated single family subprime residuals. The decline in our average investment in subordinates and residuals during 2003 is primarily the result of sales, principal repayments and amortization. The declines in our average investment in CMOs during 2003 is the result of principal maturities, principal repayments and amortization of premium. This trend reflects a reduced need to hold these securities to meet the Qualified Thrift Lender requirements. CMOs have less cash flow variability and their average lives and yields to maturity generally are more stable. Therefore, CMOs are priced to yield less than classes of mortgage-related securities such as subordinates and residuals that are less stable. The decline in the average yield on CMOs is primarily the result of declining interest rates and increased prepayments of the underlying mortgages that back the bonds. When prepayments occur faster than anticipated, as in 2003, the amortization of premiums paid when the bonds were purchased is accelerated resulting in a lower or negative yield.

(Dollars in thousands, except share data)

For the three months ended June 30,	Average Balance 2003	Average Balance 2002	Increase (Decrease) $	Annualized Average Yield 2003	Annualized Average Yield 2002	Increase (Decrease) Basis Points
Interest-bearing deposits	$ 422,762	$ 500,891	$ (78,129)	4.29%	5.66%	(137)
Securities sold under agreements to repurchase	--	15,341	(15,341)	--%	1.85%	(185)
Bonds-match funded agreements	136,106	148,046	(11,940)	3.70%	4.88%	(118)
Lines of credit and other secured borrowings .	121,173	96,914	24,259	4.35%	4.87%	(52)
Notes and debentures	76,869	153,451	(76,582)	11.93%	11.92%	1
	$ 756,910	$ 914,643	$(157,733)	4.97%	6.43%	(146)

For the six months ended June 30,	Average Balance 2003	Average Balance 2002	Increase (Decrease) $	Annualized Average Yield 2003	Annualized Average Yield 2002	Increase (Decrease) Basis Points
Interest-bearing deposits	$ 421,070	$ 539,119	$(118,049)	4.46%	5.82%	(136)
Securities sold under agreements to repurchase	500	21,420	(20,920)	1.20%	1.85%	(65)
Bonds-match funded agreements	139,919	150,794	(10,875)	3.66%	4.93%	(127)
Lines of credit and other secured borrowings .	107,955	98,624	9,331	4.03%	4.73%	(70)
Notes and debentures	76,922	152,476	(75,554)	11.93%	12.02%	(9)
	$ 746,366	$ 962,433	$(216,067)	5.02%	6.46%	(144)

Interest expense we incurred on our interest-bearing deposits decreased $2,547 or 36% during the three months ended June 30, 2003 as compared to the same period of the prior year due to a $78,129 or 16% decrease in the average balance and a 137 basis-point decline in the average rate. For the first six months of 2003, interest expense on deposits declined $6,299 or 40% as compared to the first six months of 2002 as a result of a $118,049 or 22% decline in the average balance and a 136 basis point decline in the average rate. The decline in the average balance of deposits during 2003 resulted primarily from maturing brokered certificates of deposit. We have not issued any new brokered certificates of deposit since 2000 and, at this time, do not intend to issue any such deposits in the foreseeable future. We do however plan to retain non-brokered deposits as a source of financing. See "Changes in Financial Condition - Deposits."

Interest expense on notes and debentures declined by $2,281 or 50% during the second quarter of 2003 as compared to the second quarter of 2002. This decline was due to a $76,582 or 50% decline in the average outstanding balance. For the six months ended June 30, 2003, interest expense on notes and debentures declined $4,578 or 50% as compared to the same period of 2002 due to a $75,554 or 50% decline in the average balances outstanding. The declines in average balance outstanding resulted primarily from our November 2002 call redemption of $40,000 of our 11.875% notes and $33,500 of our 12% subordinated debentures. See "Changes in Financial Condition - Notes and Debentures."

Interest expense we incurred on bonds-match funded agreements declined $549 or 30% during the three months ended June 30, 2003 as compared to the same period of the prior year as a result of a 118 basis-point decline in the average rate and a $11,940 or 8% decrease in the average balance outstanding. For the six months ended June 30, 2003 interest expense on match funded agreements declined $1,152 or 31% due to a 127 basis point decline in the average rate and a $10,875 or 7% decline in the average outstanding balance. The decline in the average rates during the 2003 is largely due to declines in LIBOR. The decrease in the average balances during 2003 is due to principal repayments, as well as the redemption of bonds-match funded agreements secured by residual securities during the second quarter. See "Changes in Financial Condition - Bonds - Match Funded Agreements."

(Dollars in thousands, except share data)

Provisions for Loan Losses. At June 30, 2003, our total net loan balance was $35,922 or 2.8% of total assets. Of the balance remaining at June 30, 2003, $28,736 represents five loans held in our Commercial Finance segment and $6,274 represents three multi-family loans held in our Affordable Housing segment. Because of the small number of remaining loans, we are able to perform a specific risk assessment on each Commercial Finance and Affordable Housing loan. Our risk assessment of Commercial Finance loans includes a review of the underlying loan collateral, general and local economic conditions, property type risk, borrower's capacity and willingness to pay, and projections of prospective cash flows based on property-specific events. For loans held in our Affordable Housing business, we project the amounts to be realized from the disposition of the property to determine the appropriate allowance for loan losses. We also analyze the historical trends in the gains or losses on disposition and resolution of loans as compared to the allowance for loan losses at the time of disposition and resolution. The results of this analysis are also taken into consideration in evaluating the allowance for loan losses on the remaining loans. The allowance for loan losses is management's best estimate of probable inherent loan losses incurred as of June 30, 2003. Provisions we record for losses on our loans are charged to operations to maintain an allowance for losses on our loans at a level we consider adequate based upon an evaluation of known and inherent risks in such portfolios, as described above.

The following table presents the provisions for loan losses by business segment for the periods indicated:

For the periods ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Loans:				
Unsecured Collections	$ --	$ (186)	$ --	$ (251)
Residential Discount Loans	--	(235)	--	(2,350)
Commercial Finance	(3,374)	7,313	(3,458)	10,026
Affordable Housing	3	3,770	148	3,938
Corporate Items and Other	109	--	222	--
	(3,262)	10,662	(3,088)	11,363
Match funded loans:				
Residential Discount Loans	--	70	--	48
Corporate Items and Other	11	--	3	--
	$ (3,251)	$ 10,732	$ (3,085)	$ 11,411

The decline in the provision we recorded on loans during the three and six months ended June 30, 2003 as compared to the same period in 2002 is primarily due to sales and resolutions of commercial loans. The negative loan loss provision for 2003 resulted primarily from the recovery of excess reserves on sales of commercial loans, which were non-performing, during the second quarter. Our allowance for loan losses as a percentage of non-performing loans has increased from 27.5% at December 31, 2002 to 40.6% at June 30, 2003. For additional information regarding non-performing loans, see "Changes in Financial Condition - Loans, Net." As indicated in the table below, our allowance as a percentage of loans decreased slightly from 21.3% at December 31, 2002 to 19.9% at June 30, 2003.

(Dollars in thousands, except share data)

The following table sets forth the allowance for loan losses as a percentage of the respective loan balances by business segment at the dates indicated:

	Allowance	Loan Balance	Allowance as a % of Loans
June 30, 2003			
Loans:			
Commercial Finance	$ 4,210	$ 32,946	12.8%
Affordable Housing	4,576	10,850	42.2%
Corporate Items and Other	123	1,035	11.9%
	8,909	44,831	19.9%
Match funded loans:			
Corporate Items and Other	148	31,551	0.5%
	$ 9,057	$ 76,382	11.9%
December 31, 2002			
Loans:			
Residential Discount Loans	$ 154	$ 1,584	9.7%
Commercial Finance	16,179	85,377	19.0%
Affordable Housing	4,428	10,657	41.6%
	20,761	97,618	21.3%
Match funded loans:			
Residential Discount Loans	144	38,129	0.4%
	$ 20,905	$ 135,747	15.4%
June 30, 2002			
Loans:			
Residential Discount Loans	$ 176	$ 1,995	8.8%
Commercial Finance	4,974	16,856	29.5%
Affordable Housing	13,378	121,686	11.0%
	18,528	140,537	13.2%
Match funded loans:			
Residential Discount Loans	218	44,599	0.5%
	$ 18,746	$ 185,136	10.1%

For additional information regarding our allowance for loan losses on the above portfolios, see "Changes in Financial Condition - Allowance for Loan Losses." For information relating to our valuation allowance on real estate owned, see "Changes in Financial Condition - Real Estate Owned."

Non-Interest Income. The following table sets forth the principal components of our non-interest income during the periods indicated:

	Three Months		Six Months	
For the periods ended June 30,	2003	2002	2003	2002
Servicing and other fees.....................................	$ 37,130	$ 35,848	$ 74,778	$ 71,574
Gain (loss) on interest earning assets, net...................	27	(996)	27	(2,773)
Gain (loss) on trading and match funded securities, net.......	3,188	161	2,765	2,953
Gain (loss) on real estate owned, net.........................	(279)	(11,858)	(23)	(15,970)
Gain (loss) on other non-interest earning assets, net.........	180	(93)	474	(841)
Net operating gains (losses) on investments in real estate....	(4,595)	(13,993)	(3,702)	(9,339)
Gain (loss) on repurchase of debt.............................	(4)	1,070	(4)	1,074
Other income..	4,036	2,368	8,038	7,400
	$ 39,683	$ 12,507	$ 82,353	$ 54,078

(Dollars in thousands, except share data)

Servicing and Other Fees. Our servicing and other fees are primarily comprised of fees we earned from investors for servicing residential mortgage loans on their behalf. The following table sets forth the principal components of our servicing and other fees by segment for the periods indicated:

For the three months ended June 30,	2003 Residential Loan Servicing	2003 Other Segments	2003 Total	2002 Residential Loan Servicing	2002 Other Segments	2002 Total
Loan servicing and related fees:						
Loan servicing fees (1)	$ 38,352	$ 2,151	$ 40,503	$ 33,771	$ 1,814	$ 35,585
Late charges	9,155	537	9,692	6,740	216	6,956
Interest on custodial accounts (2)	2,434	1	2,435	2,131	--	2,131
Special servicing fees	526	--	526	844	76	920
Compensating interest expense (3)	(7,657)	--	(7,657)	(4,709)	--	(4,709)
Amortization of servicing rights (4)	(22,227)	--	(22,227)	(13,459)	--	(13,459)
Other, net	2,460	1,063	3,523	1,030	166	1,196
	23,043	3,752	26,795	26,348	2,272	28,620
Other fees:						
Property valuation fees (ORA)	--	4,906	4,906	--	3,507	3,507
Default servicing fees	1,020	136	1,156	1,131	--	1,131
Retail banking fees	1,825	5	1,830	1,116	7	1,123
Other	2,416	27	2,443	1,274	193	1,467
	$ 28,304	$ 8,826	$ 37,130	$ 29,869	$ 5,979	$ 35,848

For the six months ended June 30,	2003 Residential Loan Servicing	2003 Other Segments	2003 Total	2002 Residential Loan Servicing	2002 Other Segments	2002 Total
Loan servicing and related fees:						
Loan servicing fees (1)	$ 77,962	$ 4,468	$ 82,430	$ 65,049	$ 3,214	$ 68,263
Late charges	18,046	854	18,900	13,580	454	14,034
Interest on custodial accounts (2)	4,274	--	4,274	3,737	--	3,737
Special servicing fees	1,180	--	1,180	2,273	--	2,273
Compensating interest expense (3)	(13,621)	--	(13,621)	(8,779)	--	(8,779)
Amortization of servicing rights (4)	(43,405)	--	(43,405)	(24,085)	(109)	(24,194)
Other, net	3,660	1,907	5,567	979	552	1,531
	48,096	7,229	55,325	52,754	4,111	56,865
Other fees:						
Property valuation fees (ORA)	--	8,726	8,726	--	7,742	7,742
Default servicing fees	1,993	183	2,176	2,413	--	2,413
Retail banking fees	3,551	10	3,561	2,073	17	2,090
Other	4,871	119	4,990	2,226	238	2,464
	$ 58,511	$ 16,267	$ 74,778	$ 59,466	$ 12,108	$ 71,574

(1) The increase in loan servicing fees during 2003 is largely due to the growth in residential loans we serviced for others. The average unpaid principal balance of all loans we serviced during the three months ended June 30, 2003 and 2002 amounted to $31,966,467 and $26,235,201, respectively. The average unpaid principal during the six months ended June 30, 2003 and 2002 was $31,783,113 and $25,291,305, respectively.

(2) Interest we earned on custodial accounts during the holding period between collection of borrower payments and remittance to investors.

(3) A servicer of securitized loans is typically obligated to pay the securitization trust the difference between a full month of interest and the interest collected on loans that are repaid before the end of a calendar month.

(4) The increase in amortization expense during 2003 reflects an increase in our purchases of rights to service loans for others. See "Changes in Financial Condition - Mortgage Servicing Rights".

(Dollars in thousands, except share data)

The following table sets forth loans we serviced at the dates indicated:

	Subprime Loans (1)		Other Loans		Total	
	Amount	No. of Loans	Amount	No. of Loans	Amount	No. of Loans
June 30, 2003						
Performing: (2)						
Residential servicing	$29,740,367	288,171	$ 915,019	15,178	$30,655,386	303,349
Commercial servicing	--	--	426,072	311	426,072	311
	$29,740,367	288,171	$ 1,341,091	15,489	$31,081,458	303,660
Non-performing: (2)						
Residential servicing	$ 2,831,220	32,778	$ 226,888	3,775	$ 3,058,108	36,553
Commercial servicing	--	--	554,985	288	554,985	288
	$ 2,831,220	32,778	$ 781,873	4,063	$ 3,613,093	36,841
Total loans serviced for others:						
Residential servicing	$32,571,587	320,949	$ 1,141,907	18,953	$33,713,494	339,902
Commercial servicing	--	--	981,057	599	981,057	599
	$32,571,587	320,949	$ 2,122,964	19,552	$34,694,551	340,501
December 31, 2002						
Performing: (2)						
Residential servicing	$26,817,731	282,926	$ 1,089,109	17,204	$27,906,840	300,130
Commercial servicing	--	--	752,722	407	752,722	407
	$26,817,731	282,926	$ 1,841,831	17,611	$28,659,562	300,537
Non-performing: (2)						
Residential servicing	$ 2,565,823	31,626	$ 261,014	4,277	$ 2,826,837	35,903
Commercial servicing	--	--	582,964	238	582,964	238
	$ 2,565,823	31,626	$ 843,978	4,515	$ 3,409,801	36,141
Total loans serviced for others:						
Residential servicing	$29,383,554	314,552	$ 1,350,123	21,481	$30,733,677	336,033
Commercial servicing	--	--	1,335,686	645	1,335,686	645
	$29,383,554	314,552	$ 2,685,809	22,126	$32,069,363	336,678

(1) Subprime loans represent loans we service which were made by others to borrowers who did not qualify under guidelines of the Fannie Mae and Freddie Mac ("nonconforming loans").

(2) Non-performing loans serviced for others have been delinquent for 90 days of more. Performing loans serviced for others are current or have been delinquent for less than 90 days.

Loss on Interest Earning Assets, Net. Losses for 2002 of $(2,773) resulted primarily from $(2,454) of losses on sales of residential discount loans.

(Dollars in thousands, except share data)

Gain on Trading and Match Funded Securities, Net. The gain on trading and match funded securities, net, includes both unrealized gains and losses on securities and realized gains and losses resulting from sales thereof. Changes in fair value are reported in income in the period of change.

	Three Months		Six Months	
For the period ended June 30,	2003	2002	2003	2002
Unrealized gain (loss):				
Trading securities	$ 3,310	$ 663	$ 3,013	$ (1,191)
Match funded securities	(122)	96	(248)	273
	3,188	759	2,765	(918)
Realized gain (loss):				
Trading securities	--	(598)	--	3,871
	$ 3,188	$ 161	$ 2,765	$ 2,953

Gain (Loss) on Real Estate Owned, Net. The following table sets forth the results of our real estate owned (which does not include investments in real estate that are discussed below), during the periods indicated:

	Three Months		Six Months	
For the period ended June 30,	2003	2002	2003	2002
Gains on sales	$ 13	$ 1,002	$ 92	$ 2,563
Provision for losses in fair value	(781)	(12,954)	(484)	(19,076)
Operating income (expense), net (1)	489	94	369	543
	$ (279)	$ (11,858)	$ (23)	$ (15,970)

(1) Includes rental income and expenses associated with holding and maintaining properties.

The results of our real estate owned for the periods presented above reflect a decline in the number of properties owned. See "Changes in Financial Condition - Real Estate Owned" for additional information regarding real estate owned and related reserves for losses in fair value.

Net Operating Gains (Losses) on Investments in Real Estate. The following table sets forth the results of our investment in real estate operations during the periods indicated:

	Three Months		Six Months	
For the period ended June 30,	2003	2002	2003	2002
Operating income, net (1)	$ 938	$ 833	$ 1,478	$ 2,069
Equity in earnings of loans accounted for as investments in real estate (2)	(7)	491	346	3,909
Impairment charges	(5,526)	(15,317)	(5,526)	(15,317)
	$ (4,595)	$ (13,993)	$ (3,702)	$ (9,339)

(1) The decline in operating income for 2003 as compared to 2002 is primarily the result of our sale of our shopping center located in Bradenton, Florida during 2002. See "Changes in Financial Condition - Investments in Real Estate."

(2) The decrease in equity in earnings during 2003 related to certain loans accounted for as investments in real estate is primarily the result of significant resolution gains earned in connection with the repayment of loans during the first quarter of 2002.

(3) Impairment charges during 2003 and 2002 included write-downs totaling $5,526 and $14,549, respectively, of the carrying value of our remaining properties held for investment to our estimate of their realizable values. See "Changes in Financial Condition - Investments in Real Estate".

(Dollars in thousands, except share data)

Other Income. The following table sets forth the principal components of other income for the periods indicated:

For the periods ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Collections of credit card receivables	$ 689	$ 1,083	$ 1,546	$ 2,490
Consulting fees (1)	48	--	142	1,398
Software revenue (2)	2,555	529	5,027	1,002
Brokerage commissions (3)	527	633	941	1,251
Other	217	123	382	1,259
	$ 4,036	$ 2,368	$ 8,038	$ 7,400

(1) For 2002, these fees consisted principally of consulting fees earned during the first quarter as advisor to Jamaica's Financial Sector Adjustment Company in the resolution or liquidation of non-performing loans and real estate assets.

(2) Software revenues earned by OTX from unaffiliated customers. These amounts exclude revenues earned from other consolidated affiliates, which have been eliminated in consolidation. See Note 7 to the Interim Consolidated Financial Statements included in Item 1 herein.

(3) Commissions earned from sales of real estate owned properties.

Non-Interest Expense. The following table sets forth the principal components of our non-interest expense during the periods indicated:

For the periods ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Compensation and employee benefits	$ 17,130	$ 19,708	$ 34,838	$ 40,781
Occupancy and equipment	2,685	3,331	5,515	6,045
Technology and communication costs	4,497	6,009	8,994	11,061
Loan expenses	3,465	3,436	7,000	7,371
Net operating losses on investments in affordable housing properties	226	6,228	883	21,910
Professional services and regulatory fees	4,060	3,172	19,344	7,768
Other operating expenses	2,554	2,615	4,851	4,602
	$ 34,617	$ 44,499	$ 81,425	$ 99,538

Compensation and Employee Benefits. The following table presents the principal components of compensation and benefits we incurred for the periods indicated:

For the periods ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Salaries (1)	$ 11,655	$ 13,765	$ 23,630	$ 27,847
Bonuses (2)	2,374	2,187	5,243	4,582
Payroll taxes	792	1,092	2,026	2,609
Commissions	410	1,148	801	2,022
Insurance	553	718	1,073	1,386
Severance	736	93	817	601
Contract programmers	55	144	60	389
Relocation	60	129	289	248
Other	495	432	899	1,097
	$ 17,130	$ 19,708	$ 34,838	$ 40,781

(1) Salaries includes fees paid for the services of temporary employees.

(2) Bonus expense includes compensation related to stock options we granted to employees at an exercise price below fair market value.

Salary expense has declined during 2003 as compared to 2002 in spite of an increase in the average number of total employees. This is due in large part to our ongoing globalization initiative to reduce labor costs through the migration of certain functions (primarily in support of Residential Loan Servicing and OTX) to our offices in Bangalore and Mumbai, India. This initiative has resulted in a significant increase in the concentration of our workforce in India. During the second quarter of 2003, we had an average of 1,990 total employees, including an average of 1,062 in our India offices. For the second quarter of 2002, our total number of employees averaged 1,794 and included an average of 443 employees in our India locations. During the first six months of 2003, we had average total employment of 1,915, including 969 in India, as compared to 1,729 in total and 367 in India during the first six months of 2002. We may experience additional growth in our India staff during the remainder of 2003, dependent upon the growth of our new business initiatives, primarily Global Outsourcing. The decline in salaries, in spite of the increase in the number of employees, is also the result of a change in the mix of our workforce in the United States to a greater concentration of clerical level employees. This change in mix has occurred as we have exited capital-intensive businesses in favor of fee-based businesses, primarily Residential Loan Servicing.

Occupancy and Equipment. Occupancy and equipment costs consist principally of rents, depreciation, building maintenance, mail and delivery expenses and other costs of our office operations.

Technology and Communication Costs. Technology and communication costs consist primarily of depreciation on our computer hardware and software, technology-related consulting fees (primarily OTX), telephone expenses and amortization of capitalized software development costs. The decline in technology and communication costs during the three and six months ended June 30, 2003 as compared to the same periods of 2002 is primarily due to declines in consulting fees incurred by OTX and declines in other miscellaneous technology costs of our Residential Loan Servicing business segment.

Loan Expenses. Loan expenses are largely comprised of appraisal fees incurred in connection with property valuation services we provided through ORA. See "Segment Profitability - Ocwen Realty Advisors" for additional discussion of these costs. Loan expenses also include other miscellaneous expenses incurred in connection with loans we own and those we service for others. See "Changes in Financial Condition - Loans, Net."

Net Operating Losses on Investments in Affordable Housing Properties. Net operating losses on our investments in affordable housing properties have declined significantly during 2003 as compared to 2002. This decline is primarily the result of lower charges that we recorded for expected losses from the sale of properties. These charges reflect revisions to completion cost estimates and modifications to projected sales results and amounted to $5,998 and $21,294 during the three and six months ended June 30, 2002, respectively. For 2003, $432 of such charges were recorded during the first quarter. See "Changes in Financial Condition - Affordable Housing Properties".

Professional Services and Regulatory Fees. Professional services and regulatory fees are primarily comprised of legal fees and settlements, non-technology related consulting fees, audit fees and insurance. The increase in professional services and regulatory fees in the second quarter of 2003 as compared to 2002 was primarily due to an increase in legal fees and settlements offset by a decline in consulting fees. Professional services and regulatory fees increased by $11,576 during the first six months of 2003 as compared to 2002. This increase was largely due to a $12,468 increase in legal fees and settlements resulting primarily from the $10,000 reserve, plus related legal fees, established in the first quarter of 2003 in connection with the arbitration award to the former owners of Admiral Home Loan. See Note 8 to the Interim Consolidated Financial Statements included in Item 1 for additional information regarding this award.

Other Operating Expenses. Other operating expenses primarily include travel costs, check processing and other deposit related costs, amortization of deferred costs and provisions for uncollectible receivables.

Distributions on Company Obligated, Mandatorily Redeemable Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company. Cash distributions on the Capital Securities are payable semi-annually in arrears on February 1 and August 1 of each year at an annual rate of 10.875%. We recorded $1,529 and $1,566 of distributions to holders of the Capital Securities during the three months ended June 30, 2003 and 2002, respectively. For the six-month periods, these distributions amounted to $3,058 and $3,229 during 2003 and 2002, respectively. The decline in distributions is the result of repurchases during 2002. See Note 3 to the Interim Consolidated Financial Statements included in Item 1 and "Changes in Financial Condition - Company-Obligated, Mandatorily Redeemable Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company."

(Dollars in thousands, except share data)

Income Tax Expense (Benefit). The following table provides details of our income tax expense (benefit) for the periods indicated:

For the period ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Income tax benefit on loss before taxes and effect of change in accounting principle	$ (1,918)	$ (18,197)	$ (1,992)	(25,879)
Provision for valuation allowance on current year's deferred tax asset	2,223	18,197	2,604	27,045
Income tax expense	305	--	612	1,166
Income tax benefit on effect of change in accounting principle	--	--	--	(1,166)
Total income tax expense	$ 305	$ --	$ 612	$ --

Total income tax expense of $305 and $612 for the three and six months ended June 30, 2003 represents tax payments related to our investment in non-economic tax residual securities that have no book value. Excluding the effect of these tax payments, our effective tax rate was 0% for the six months ended June 30, 2003 and 2002. Income tax expense includes the effects of tax credits of $598 and $628 during the three ended June 30, 2003 and 2002, respectively, and $1,777 and $1,487, respectively during the six months ended June 30, 2003 and 2002, resulting from our investment in affordable housing properties.

For the six months of 2002, our effective tax rate was 0% as income tax expense of $1,166 offset the benefit of $1,166 related to the effect of the change in accounting principle recorded during the second quarter.

The provision for deferred tax asset valuation allowance is a non-cash charge increasing the aggregate valuation allowance based on our estimate under the applicable accounting rules of the amount of the deferred tax asset that we are more likely than not to realize.

Changes in Financial Condition

Trading Securities. The following table sets forth the fair value of our trading securities at the dates indicated:

	June 30, 2003	December 31, 2002
Collateralized mortgage obligations and U.S. Treasury securities:		
Collateralized mortgage obligations (AAA-rated) (1)	$ 4,982	$ 20,540
U.S. Treasury securities	3,847	1,016
	$ 8,829	$ 21,556
Subordinates and residuals:		
Single family residential		
BB-rated subordinates	$ 587	$ 599
B-rated subordinates	596	606
Unrated subordinates	287	344
Unrated subprime residuals (2)	38,960	33,213
	40,430	34,762
Commercial unrated subordinates	2,577	2,577
	$ 43,007	$ 37,339

(1) During the six months ended June 30, 2003, CMO trading securities declined $15,558. This decline was primarily due to maturities and principal repayments.

(2) During the six months ended June 30, 2003, unrated subprime residual trading securities increased by $5,747. This increase was primarily due to due to the transfer of securities formerly classified as "Match Funded Assets" to "Trading Securities" during the second quarter as a result of the repurchase and retirement of the associated match funded debt. These securities had a fair

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value of $5,926 at June 30, 2003. See "Changes in Financial Condition - Match Funded Assets". Principal repayments received during the first six months of 2003 were offset almost entirely by increases in fair value.

CMOs are like traditional debt instruments because they have stated principal amounts and traditionally defined interest-rate terms. Subordinate and residual interests in mortgage-related securities provide credit support to the more senior classes of the mortgage-related securities. Principal from the underlying mortgage loans generally is allocated first to the senior classes, with the most senior class having a priority right to the cash flow from the mortgage loans until its payment requirements are satisfied. To the extent that there are defaults and unrecoverable losses on the underlying mortgage loans, resulting in reduced cash flows, the most subordinate security will be the first to bear this loss. Because subordinate and residual interests generally have no credit support, to the extent there are realized losses on the mortgage loans comprising the mortgage collateral for such securities, we may not recover the full amount or, indeed, any of our initial investment in such subordinate and residual interests.

Subordinate and residual interests are affected by the rate and timing of payments of principal (including prepayments, repurchase, defaults and liquidations) on the mortgage loans underlying a series of mortgage-related securities. The rate of principal payments may vary significantly over time depending on a variety of factors, such as the level of prevailing mortgage loan interest rates and economic, demographic, tax, legal and other factors. Prepayments on the mortgage loans underlying a series of mortgage-related securities are generally allocated to the more senior classes of mortgage-related securities. Although in the absence of defaults or interest shortfalls all subordinates receive interest, amounts otherwise allocable to residuals generally are used to make payments on more senior classes or to fund a reserve account for the protection of senior classes until overcollateralization or the balance in the reserve account reaches a specified level. For residual interests in residential mortgage-backed securities, overcollateralization is the amount by which the collateral balance exceeds the sum of the bond principal amounts. Overcollateralization is achieved by applying monthly a portion of the interest payments of the underlying mortgages toward the reduction of the senior class certificate principal amounts, causing them to amortize more rapidly than the aggregate loan balance. Overcollateralization represents the first tier of loss protection afforded to the non-residual holders. To the extent not consumed by losses on more highly rated bonds, overcollateralization is remitted to the residual holders. In periods of declining interest rates, rates of prepayments on mortgage loans generally increase, and if the rate of prepayments is faster than anticipated, then the yield on subordinates will be positively affected and the yield on residuals will be negatively affected.

We periodically assess the carrying value of our subordinate and residual securities. There can be no assurance that our estimates used to determine the value of those securities will remain appropriate for the life of each securitization. If actual loan prepayments or defaults exceed our estimates, the carrying value of the securities may be decreased during the period in which we recognized the disparity.

The following table presents information regarding our subordinate and residual trading securities summarized by classification and rating at June 30, 2003:

Rating/Description (1)	Fair Value	Percent Owned by Ocwen	Anticipated Yield to Maturity at Purchase (2)(3)	Anticipated Yield to Maturity at 06/30/03 (2)(4)	Coupon	Anticipated Weighted Average Remaining Life (2)(5)
Residential:						
BB-rated subordinates	$ 587	100.00%	16.80%	8.60%	6.16%	3.10
B-rated subordinates	596	100.00	17.41	25.22	6.34	1.91
Unrated subordinates	287	100.00	14.77	27.44	6.95	0.04
Unrated subprime residuals	38,960	100.00	17.15	5.30	N/A	5.48
	40,430					
Commercial:						
Unrated subordinates	2,577	100.00	22.15	12.10	7.37	1.35
	$ 43,007					

(1) Refers to the credit rating designated by the rating agency for each securitization transaction. Classes designated "A" have a superior claim on payment to those rated "B", which are superior to those rated "C." Additionally, multiple letters have a superior claim to designations with fewer letters. Thus, for example, "BBB" is superior to "BB," which in turn is superior to "B." The lower class designations in any securitization will receive interest payments after senior classes and will experience losses before any

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senior class. The lowest potential class designation is "unrated" which, if included in a securitization, will always receive interest last and experience losses first.

(2) Subordinate and residual securities do not have a contractual maturity but are paid down over time as cash distributions are received. Because they do not have a stated maturity, we disclose the weighted average life of these securities.

(3) Represents the effective yield from inception to maturity based on the purchase price and anticipated future cash flows under pricing assumptions.

(4) Represents the effective yield based on the purchase price, actual cash flows received from inception until the respective date, and the then current estimate of future cash flows under the assumptions at the respective date. Changes in the June 30, 2003 anticipated yield to maturity from that originally anticipated are primarily the result of changes in prepayment assumptions and loss assumptions.

(5) Represents the weighted average life in years based on the June 30, 2003 book value.

The following table sets forth the principal amount of mortgage loans by the geographic location of the property securing the mortgages that underlie our subordinate and residual trading securities at June 30, 2003:

Description	U.K.	California	New York	Florida	New Jersey	Other (1)	Total
Single family residential.....	$ 76,490	$ 45,496	$ 31,345	$ 30,786	$ 29,547	$ 253,741	$ 467,405
Commercial....................	--	12,874	--	--	--	40,961	53,835
Multi-family residential......	--	832	381	247	686	2,308	4,454
Total	$ 76,490	$ 59,202	$ 31,726	$ 31,033	$ 30,233	$ 297,010	$ 525,694
Percentage of total...........	14.55%	11.26%	6.04%	5.90%	5.75%	56.50%	100.00%

(1) Consists of properties located in 46 other states, none of which aggregated over $28,411 in any one state.

Investments in Real Estate. Our investments in real estate totaled $55,453 or 4.4% of total assets at June 30, 2003 and consisted of the following at the dates indicated:

	June 30, 2003	December 31, 2002
Properties held for investment:		
Office building..............................	$ 21,438	$ 27,602
Retail shopping center..............................	10,746	9,090
Building improvements..............................	17,743	17,387
Tenant improvements and lease commissions..............................	4,727	2,795
Furniture and fixtures..............................	34	30
	54,688	56,904
Accumulated depreciation..............................	(6,362)	(5,316)
	48,326	51,588
Commercial loans accounted for as investments in real estate.......................	2,094	2,188
Investment in real estate partnerships..............................	5,033	4,900
	$ 55,453	$ 58,676

Properties Held for Investment. Properties held for investment at June 30, 2003 and December 31, 2002 consisted of one office building located in Jacksonville, Florida and one shopping center located in Halifax, Nova Scotia. At June 30, 2003 the office building was approximately 63.3% leased and the shopping center was approximately 68.6% leased. The $2,216 decline in the aggregate gross carrying value of our properties held for investment during the first six months of 2003 was primarily due to an impairment charge of $5,526 recorded during the second quarter on our office building investment, offset in part by capitalized improvements of $2,961.

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Loans Accounted for as Investments in Real Estate. We acquired certain acquisition, development and construction loans in January 2000 in which we participate in the expected residual profits of the underlying real estate, and where the borrower has not contributed substantial equity to the project. As such, we account for these loans under the equity method of accounting as though we have an investment in a real estate limited partnership. Our investment at June 30, 2003 and December 31, 2002 consisted of one loan.

Investments in Real Estate Partnerships. Our investment at June 30, 2003 and December 31, 2002 consisted of interests in two limited partnerships operating as real estate ventures, consisting of multi-family type properties.

Affordable Housing Properties. Historically, we invested in multi-family residential projects that have been allocated low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended, by a state tax credit allocating agency. We ceased making new investments in 2000 as part of our shift in strategy to fee-based businesses and because the volume of tax credits being generated was exceeding our ability to utilize them effectively. Since that time, we have been marketing each of these properties for sale. As a result, our investment in affordable housing properties has been declining and consisted of only six investments at June 30, 2003. The carrying values of our affordable housing investments amounted to $12,182 or 1.0% of total assets at June 30, 2003 and were comprised of the following at the dates indicated:

	June 30, 2003	December 31, 2002
Properties subject to sales agreements (1).........	$ 2,770	$ 4,458
Properties not yet sold............................	9,412	10,861
Total..	$ 12,182	$ 15,319

(1) These sales agreements have not yet met all the accounting criteria to qualify for sales treatment.

The $3,137 decline in the balances during the six months ended June 30, 2003 was primarily due to sales of projects with a combined book value of approximately $1,597 and increased reserves for estimated losses from future sales.

The qualified affordable housing projects underlying our investments in low-income housing tax credit interests are geographically located throughout the United States. At June 30, 2003, our largest single investment was $5,519, which relates to a project located in N. Wildwood, New Jersey.

Low-income housing tax credit partnerships in which we invest both as a limited and, through a subsidiary, as general partner are presented on a consolidated basis and totaled $2,645 and $3,357 at June 30, 2003 and December 31, 2002, respectively. Our investment in partnerships in which we invest only as a limited partner amounted to $9,537 and $11,962 at June 30, 2003 and December 31, 2002, respectively, and are accounted for using the equity method. We recorded a loss from operations after depreciation of $226 and $6,228 for the three months ended June 30, 2003 and 2002, respectively and $883 and $21,910 for the six months ended June 30, 2003 and 2002, respectively. For the three and six months ended June 30, 2002, these losses from operations included $5,998 and $21,294 of provisions for estimated losses on properties. In both periods, these provisions included a charge of $3,944 to record a discount on a long-term receivable that arose from the sale of seven properties. In the six months ended June 30, 2003, the loss from operations includes $432 of provisions for estimated losses. There was no provision for estimated loss in the three months ended June 30, 2003. See "Results of Operations - Non-Interest Expense - Net Operating Losses on Investments in Affordable Housing Properties".

Loans, Net. Our total net investment in loans of $35,922 at June 30, 2003 represents 2.8% of total assets. Originations in the second quarters of 2003 and 2002 represent loans we made to facilitate sales of real estate assets we owned and fundings of pre-existing commitments on construction loans. Otherwise, we have not originated or acquired any new loans since 2000. This reflects our strategy to dispose of assets associated with non-core business lines.

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Composition of Loans, Net. The following table sets forth the composition of our loans by business segment and type of loan at the dates indicated:

	June 30, 2003	December 31, 2002
Residential Discount Loans: (1)		
Unpaid principal balance		
Single family residential loans	$ --	$ 2,163
Unaccreted discount and deferred fees	--	(579)
Allowance for loan losses	--	(154)
	--	1,430
Affordable Housing:		
Unpaid principal balance		
Multi-family residential loans	10,850	11,003
Undisbursed loan funds	--	(346)
Allowance for loan losses	(4,576)	(4,428)
	6,274	6,229
Commercial Finance:		
Unpaid principal balance		
Office buildings	--	41,215
Hotels	17,668	11,668
Retail properties	--	27,500
Multifamily residential loans	15,965	15,215
Other properties	150	1,188
	33,783	96,786
Unaccreted discount and deferred fees	(837)	(11,409)
Allowance for loan losses	(4,210)	(16,179)
	28,736	69,198
Corporate Items and Other:		
Unpaid principal balance		
Single family residential loans	1,603	--
Unaccreted discount and deferred fees	(568)	--
Allowance for loan losses	(123)	--
	912	--
Loans, net	$ 35,922	$ 76,857

(1) Loans and all other assets of the Residential Discount Loans segment were transferred to the Corporate Items and Other segment, effective January 1, 2003.

Loans are secured by mortgages on property located throughout the United States. The following table sets forth the five states in which the largest amount of properties securing our loans were located at June 30, 2003:

	Corporate Items and Other	Affordable Housing	Commercial Finance	Total
Florida	$ --	$ 774	$ 6,360	$ 7,134
Michigan	--	--	5,850	5,850
New Jersey	--	5,500	--	5,500
Texas	--	--	4,772	4,772
Pennsylvania	188	--	4,005	4,193
Other (1)	724	--	7,749	8,473
Total	$ 912	$ 6,274	$ 28,736	$ 35,922

(1) Consists of properties located in 10 other states, none of which aggregated over $4,021 in any one state.

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Activity in Loans. The following table sets forth our loan activity during the periods indicated:

For the period ended June30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Balance at beginning of period	$ 80,891	$ 150,557	$ 76,857	$ 185,293
Originations (1)				
Commercial Finance	--	--	6,000	16,569
Corporate Items and Other	108	879	420	879
	108	879	6,420	17,448
Resolutions and repayments (2)	(26,893)	(2,700)	(27,936)	(21,692)
Loans transferred to real estate owned	(63)	(5,877)	(157)	(13,215)
Sales	(42,042)	(14,172)	(42,042)	(64,002)
Decrease in undisbursed loan proceeds	--	1,066	346	1,762
(Increase) decrease in discount and deferred fees	12,019	2,909	10,582	24,531
(Increase) decrease in allowance for loan losses	11,902	(10,653)	11,852	(8,116)
Balance at end of period	$ 35,922	$ 122,009	$ 35,922	$ 122,009

(1) Commercial Finance originations represent loans made to facilitate sales of our own assets and fundings of construction loans we originated in prior years. Commercial originations during the six months ended June 30, 2003 represents a single loan made during the first quarter to facilitate the sale of a hotel REO property. Commercial originations during the six months ended June 30, 2002 included a loan of $9,153 that we made during the first quarter to facilitate the sale of three assisted living facilities. Originations in the Corporate Items and Other segment represent repurchases of single family loans previously sold.

(2) Resolutions and repayments consists of loans that were resolved in a manner that resulted in partial or full repayment of the loan to us, as well as principal payments on loans that have been brought current in accordance with their original or modified terms (whether pursuant to forbearance agreements or otherwise) or on other loans that have not been resolved.

The following table sets forth certain information relating to our non-performing loans at the dates indicated:

	June 30, 2003	December 31, 2002
Non-performing loans: (1)		
Corporate Items and Other	$ 1,035	$ --
Residential Discount Loans	--	1,345
Affordable Housing	10,329	9,798
Commercial Finance	10,573	64,406
	$ 21,937	$ 75,549
Non-performing loans as a percentage of: (1)		
Total loans (2)	48.9%	77.4%
Total assets	1.7%	6.2%
Allowance for loan losses as a percentage of:		
Total loans (2)	19.9%	21.3%
Non-performing loans (1)	40.6%	27.5%

(1) Loans which are contractually past due 90 days or more in accordance with the original terms of the loan agreement. We do not accrue interest on loans past due 90 days or more. The decline in non-performing loans held in our Commercial Finance Segment occurred because of sales during the second quarter.

(2) Total loans are net of unaccreted discount, unamortized deferred fees and undisbursed loan funds.

See "Changes in Financial Condition - Allowance for Loan Losses" below for additional information regarding the allowance for loan losses.

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Match Funded Assets. Match funded assets are comprised of the following at the dates indicated:

	June 30, 2003	December 31, 2002
Single family residential loans (1)	$ 31,551	$ 38,129
Allowance for loan losses	(148)	(144)
Match funded loans, net	31,403	37,985
Match funded securities	--	8,057
Match funded advances on loans serviced for others		
Principal and interest	61,660	66,524
Taxes and insurance	33,479	30,301
Other	26,426	24,877
	121,565	121,702
	$ 152,968	$ 167,744

(1) Includes $2,386 and $3,120 of non-performing loans at June 30, 2003 and December 31, 2002, respectively.

We acquired single family residential match funded loans in connection with our acquisition of OAC. OAC had previously securitized these loans and transferred them to a real estate mortgage investment conduit on November 13, 1998. The transfer did not qualify as a sale for accounting purposes since we retained effective control of the loans transferred. Accordingly, we recorded the proceeds that we received from the transfer as a liability (bonds-match funded agreements). The $6,582 decline in the balance during the first six months of 2003 was largely due to repayment of loan principal.

The match funded loans are secured by mortgages on properties located throughout the United States. The following table sets forth the five states in which the largest amount of properties securing our loans were located at June 30, 2003:

Michigan	$ 4,344
Texas	2,987
California	2,494
Florida	1,963
Massachusetts	1,949
Other (1)	17,814
	$ 31,551

(1) Consists of properties located in 35 other states, none of which aggregated over $1,741 in any one state.

Match funded securities resulted from our transfer of four unrated residual securities to a trust on December 16, 1999 in exchange for non-recourse notes. The transfer did not qualify as a sale for accounting purposes since we retained effective control over the securities transferred. Accordingly, we reported the amount of proceeds we received from the transfer as a secured borrowing with pledge of collateral (bonds-match funded agreements). In June 2003, the Ocwen NIM Trust 1999 - OAC1 adopted a plan of complete liquidation, which caused the early redemption of the related bonds-match funded agreements. The match funded securities, which had a fair value of $5,926, were transferred to trading securities. See "Changes in Financial Conditions - Trading Securities" and - "Bonds - Match Funded Agreements."

Match funded advances on loans serviced for others resulted from our transfer of certain residential loan servicing related advances to a third party in exchange for cash. The original and subsequent transfers did not qualify as a sale for accounting purposes since we retained effective control of the advances. Accordingly, we report the amount of proceeds we received from the transfers as a secured borrowing with pledge of collateral (bonds-match funded agreements.) See "Bonds-Match Funded Agreements."

Allowances for Loan Losses. As discussed in the "Results of Operations - - Provision for Loan Losses" section, we maintain an allowance for loan losses for each of our loans at a level that we consider adequate to provide for probable losses based upon an evaluation of known and inherent risks.

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The following table sets forth the breakdown of the allowance for loan losses on our loans and match funded loans and the percentage of allowance and loans in each segment to totals in the respective portfolios at the dates indicated:

	June 30, 2003				December 31, 2002			
	Allowance		Loan Balance		Allowance		Loan Balance	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Loans:								
Residential Discount loans	$ --	--%	$ --	--%	$ 154	1%	$ 1,584	2%
Affordable Housing	4,576	51%	10,850	24%	4,428	21%	10,657	11%
Commercial Finance	4,210	47%	32,946	74%	16,179	78%	85,377	87%
Corporate Items and Other	123	2%	1,035	2%	--	--%	--	--%
	$ 8,909	100%	$ 44,831	100%	$ 20,761	100%	$ 97,618	100%
Match funded loans:								
Corporate Items and Other	$ 148	100%	$ 31,551	100%	$ 144	100%	$ 38,129	100%

The allocation of the allowance to each category is not necessarily indicative of future losses and does not restrict use of the allowance to absorb losses in any other category.

The following table sets forth an analysis of activity in the allowance for loan losses relating to our loans during the three and six months ended June 30, 2003:

	Three Months		Six Months	
For the period ended June 30,	2003	2002	2003	2002
Balance at beginning of period.........................	$ 20,810	$ 7,877	$ 20,761	$ 10,414
Provision for loan losses.............................	(3,261)	10,664	(3,088)	11,363
Charge-offs:				
Residential Discount Loans.........................	--	23	--	(875)
Commercial Finance.................................	(8,505)	(380)	(8,512)	(2,782)
Corporate Items and Other..........................	(135)	--	(252)	--
Total charge-offs..............................	(8,640)	(357)	(8,764)	(3,657)
Recoveries:				
Residential Discount Loans.........................	--	187	--	251
Commercial Finance.................................	--	157	--	157
Net charge-offs................................	(8,640)	(13)	(8,764)	(3,249)
Balance at end of period..............................	$ 8,909	$ 18,528	$ 8,909	$ 18,528

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(Dollars in thousands, except share data)

Real Estate Owned, Net. REO, net, has been declining since 1998 as sales have more than offset loan foreclosures. At June 30, 2003 our portfolio of REO consisted of only 32 properties, including four commercial properties, and totaled $53,781, or 4.3% of total assets. The absence of loan acquisitions since 2000 is the principal reason for the decline in foreclosures. Our REO consists almost entirely of properties we acquired by foreclosure or deed-in-lieu thereof on loans we previously acquired at a discount.

The following table sets forth the composition of our REO at the dates indicated:

	June 30, 2003	December 31, 2002
Residential Discount Loans....................	$ --	$ 1,887
Commercial Finance............................	52,429	60,152
Corporate Items and Other.....................	1,352	--
	$ 53,781	$ 62,039

The following table sets forth certain geographical information at June 30, 2003 related to our REO:

	Corporate Items and Other		Commercial Finance		Total	
	Amount	No. of Properties	Amount	No. of Properties	Amount	No. of Properties
Florida.......................................	$ --	--	40,948	1	$ 40,948	1
Michigan......................................	--	--	10,946	2	10,946	2
California....................................	--	--	535	1	535	1
New York......................................	358	2	--	--	358	2
Pennsylvania..................................	321	4	--	--	321	4
Other (1).....................................	673	22	--	--	673	22
	$ 1,352	28	$ 52,429	4	$ 53,781	32

(1) Consists of properties located in 14 other states, none of which aggregated over $131 in any one state.

The following tables set forth the activity in REO during the periods indicated:

For the period ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Amount				
Balance at beginning of period............................	$ 55,816	$ 100,490	$ 62,039	$ 110,465
Properties acquired through foreclosure or deed-in-lieu thereof:				
Loans..	62	5,877	157	13,215
Less discount transferred..............................	(14)	(2,596)	(29)	(5,854)
Add advances transferred...............................	14	42	26	211
	62	3,323	154	7,572
Capital improvements.....................................	639	806	1,058	1,592
Sales..	(3,038)	(9,821)	(10,604)	(20,857)
Decrease (increase) in valuation allowance...............	302	(10,697)	1,134	(14,671)
Balance at end of period.................................	$ 53,781	$ 84,101	$ 53,781	$ 84,101

For the period ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Number of Properties				
Balance at beginning of period............................	42	232	55	389
Properties acquired through foreclosure or deed-in-lieu thereof..	1	4	2	19
Sales..	(11)	(104)	(25)	(276)
Balance at end of period.................................	32	132	32	132

(Dollars in thousands, except share data)

The following tables set forth the amount of time that we have held our REO at the dates indicated:

June 30, 2003	Commercial Finance		Corporate Items and Other		Total	
Holding Period:	Net Book Value	Count	Net Book Value	Count	Net Book Value	Count
One to six months....................	$ --	--	$ 152	2	$ 152	2
Seven to 12 months...................	--	--	--	--	--	--
13 to 24 months......................	--	--	178	5	178	5
Over 24 months.......................	52,429	4	1,022	21	53,451	25
	$ 52,429	4	$ 1,352	28	$ 53,781	32

December 31, 2002	Commercial Finance		Residential Discount Loans		Total	
Holding Period:	Net Book Value	Count	Net Book Value	Count	Net Book Value	Count
One to six months....................	$ --	--	$ --	--	$ --	--
Seven to 12 months...................	--	--	176	3	176	3
13 to 24 months......................	18,616	4	609	19	19,225	23
Over 24 months.......................	41,536	2	1,102	27	42,638	29
	$ 60,152	6	$ 1,887	49	$ 62,039	55

Our sales of REO resulted in losses, net of the provision for loss, of $(768) and $(11,952) during the second quarter of 2003 and 2002, respectively, which are included in determining our total net gain (loss) on REO. We recorded losses of $(392) and $(16,513), net of provision for loss, for the first six months of 2003 and 2002, respectively. Commercial REO that we have held in excess of 24 months at June 30, 2003 consisted primarily of a single large retail shopping mall with a carrying value of $40,948 and two hotels with a combined carrying value of $10,946. As anticipated, the shopping mall property migrated into the over 24 month category in 2000 because it was being repositioned for sale. Commercial properties held for 13 to 24 months as of December 31, 2002 consisted of four hotels, two of which we sold during 2003. The average period during which we held the REO which was sold during the quarters ended June 30, 2003 and 2002, was 31 months and 12 months, respectively.

We value properties acquired through foreclosure or by deed-in-lieu thereof at the lower of amortized cost or fair value less costs of disposition. We periodically reevaluate properties included in the our REO portfolio to determine that we are carrying them at the lower of cost or fair value less estimated costs to sell. We record holding and maintenance costs we incur related to properties as expenses in the period incurred. We recognize decreases in value in REO after acquisition as a valuation allowance. We reflect subsequent increases related to the valuation of REO as a reduction in the valuation allowance, but not below zero. We charge or credit to income increases and decreases in the valuation allowance, respectively.

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The following table sets forth the activity, in aggregate, in the valuation allowances on real estate owned during the periods indicated:

For the period ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Balance at beginning of period	$ 24,812	$ 23,072	$ 25,644	$ 19,098
Provisions for losses	781	12,954	484	19,076
Sales	(188)	(1,192)	(490)	(2,349)
Charge-offs	(895)	(1,065)	(1,128)	(2,056)
Balance at end of period	$ 24,510	$ 33,769	$ 24,510	$ 33,769
Valuation allowance as a percentage of total gross real estate owned (1)	31.3%	28.6%	31.3%	28.6%

(1) The valuation allowance has not declined proportionately to the decline in the balance of gross REO primarily because of the large retail shopping mall that we are repositioning for sale, as discussed above, which had a valuation allowance of $22,120 at June 30, 2003. Therefore, this ratio has increased in 2003 as compared to 2002. At December 31, 2002, the valuation allowance as a percentage of total gross real estate owned was 29.3%.

Advances on Loans and Loans Serviced for Others. Advances related to our loan portfolios and loans we serviced for others consisted of the following at the dates indicated:

	June 30, 2003	December 31, 2002
Loans:		
Taxes and insurance	$ 118	$ 136
Other	327	502
	445	638
Loans serviced for others:		
Principal and interest	65,414	63,326
Taxes and insurance	136,386	117,937
Other	102,444	84,455
	304,244	265,718
	$ 304,689	$ 266,356

During any period in which the borrower is not making payments, we are required under certain servicing agreements to advance our own funds to meet contractual principal and interest remittance requirements for certain investors, pay property taxes and insurance premiums and process foreclosures. We generally recover such advances from borrowers for reinstated and performing loans and from investors for foreclosed loans. We record a charge to servicing income to the extent that we estimate that advances are uncollectible under provisions of the servicing contracts, taking into consideration historical loss and delinquency experience, length of delinquency and amount of the advance. The balances of advances on loans serviced for others do not include match funded advances that are transferred to a third party in a transaction that does not qualify as a sale for accounting purposes and that we account for as a secured borrowing. See "Changes in Financial Condition - Match Funded Assets".

Mortgage Servicing Rights. The unamortized balance of our mortgage servicing rights is predominantly residential and increased by $9,178 during the six months ended June 30, 2003 as purchases exceeded amortization. The following table sets forth the activity in our mortgage servicing rights during the periods indicated:

For the periods ended June 30,	Three Months 2003	Three Months 2002	Six Months 2003	Six Months 2002
Balance at beginning of period	$ 166,855	$ 112,032	$ 171,611	$ 101,107
Purchases	36,160	35,104	52,583	56,997
Amortization	(21,839)	(13,459)	(43,018)	(24,193)
Impairment	(387)	--	(387)	--
Sales	--	--	--	(234)
Balance at end of period	$ 180,789	$ 133,677	$ 180,789	$ 133,677

(Dollars in thousands, except share data)

At June 30, 2003, we serviced loans under approximately 363 servicing agreements for 21 clients. Purchases during the first six months of 2003 were all residential, and $23,269 were acquired under flow agreements with third party lenders whereby we have committed to purchase newly originated mortgage servicing rights up to an agreed upon amount.

Receivables. Receivables consisted of the following at the dates indicated:

	June 30, 2003	December 31, 2002
Affordable housing sales, net (1)	$ 35,687	$ 40,299
Income taxes	21,312	20,841
Trade, net (2)	11,382	10,819
Rent	1,665	1,586
Accrued interest	652	734
Other	6,401	4,665
	$ 77,099	$ 78,944

(1) Represents uncollected proceeds from the sale of affordable housing properties. See "Changes in Financial Conditions - Affordable Housing Properties." Includes reserves for doubtful accounts of $2,373 and $1,340 as of June 30, 2003 and December 31, 2003, respectively, and unaccreted discount of $2,840 and $3,400, respectively.

(2) Trade receivables are principally generated by the operations of our Loan Servicing, OTX, Ocwen Realty Advisors and Unsecured Collections business segments. Includes reserves for doubtful accounts of $2,122 and $2,032 as of June 30, 2003 and December 31, 2003, respectively.

Other Assets. Other assets consisted of the following at the dates indicated:

	June 30, 2003	December 31, 2002
Capitalized software development costs, net	$ 3,258	$ 4,010
Interest earning collateral deposits	8,769	--
Goodwill, net	1,618	1,618
Deferred debt issuance costs, net	4,025	2,946
Investment securities, at cost	4,293	5,361
Deferred tax asset, net (1)	7,954	8,387
Other	5,925	6,964
	$ 35,842	$ 29,286

(1) Deferred tax assets are net of valuation allowances. See "results of Operations - Income Tax Expense (Benefit)."

(Dollars in thousands, except share data)

Deposits. The following table sets forth information related to our deposits at the dates indicated:

	June 30, 2003			December 31, 2002		
	Amount	Weighted Average Rate	% of Total Deposits	Amount	Weighted Average Rate	% of Total Deposits
Non-interest bearing checking accounts.....	$ 3,764	--%	0.9%	$ 4,378	--%	1.0%
NOW and money market checking accounts.....	18,290	1.16%	4.7	17,720	1.20%	4.2
Savings accounts...........................	1,440	1.00%	0.4	1,592	1.00%	0.4
	23,494		6.0	23,690		5.6
Certificates of deposit....................	368,220			402,917		
Unamortized deferred fees..................	(343)			(637)		
Total certificates of deposit..............	367,877	4.04%	94.0	402,280	4.89%	94.4
Total deposits..........................	$ 391,371		100.0%	$ 425,970		100.0%

Certificates of deposit included $126,874 and $198,248 at June 30, 2003 and December 31, 2002, respectively, of brokered deposits originated through national, regional and local investment banking firms that solicit deposits from their customers, all of which are non-cancelable at June 30, 2003. During the second quarter of 2003, we exercised our right to call brokered certificates of deposit with a face value of $18,194, that carried an interest rate of 6%, in order to further reduce interest expense. We have not issued any new brokered certificates of deposit since 2000 and, at this time, do not intend to issue any such deposits in the foreseeable future. We do however plan to retain non-brokered deposits as a source of financing our operations.

At June 30, 2003 and December 31, 2002, certificates of deposit with outstanding balances of $100 or more amounted to $149,440 and $125,451, respectively. Of those deposits at June 30, 2003, $63,160 were from political subdivisions in New Jersey and were secured or collateralized as required under state law. The following table sets forth the remaining maturities of our time deposits with balances of $100 or more at June 30, 2003:

Matures within three months....................................	$ 52,916
Matures after three months through six months..................	41,613
Matures after six months through twelve months.................	33,642
Matures after twelve months....................................	21,269
	$ 149,440

Escrow Deposits on Loans and Loans Serviced for Others. Escrow deposits on our loans and loans we serviced for others amounted to $105,395 and $84,986 at June 30, 2003 and December 31, 2002, respectively. The balance consisted principally of custodial deposit balances representing collections that we made from borrowers for the payment of taxes and insurance premiums on mortgage properties underlying loans that we serviced for others. See "Results of Operations - Non-Interest Income - Servicing and Other Fees."

(Dollars in thousands, except share data)

Bonds-Match Funded Agreements. Bonds-match funded agreements represent proceeds received from transfers of loans, residual securities and advances on our loans serviced for others. Because we retained effective control over the assets transferred, these transfers did not qualify as sales for accounting purposes and, therefore, we report them as secured borrowings with pledges of collateral. Bonds-match funded agreements were comprised of the following at the dates indicated:

Collateral (Interest Rate)	June 30, 2003	December 31, 2002
Single family loans (LIBOR plus 65-70 basis points) (1)	$ 26,651	$ 32,217
Unrated residual securities (9.50%) (2)	--	8,057
Advances on loans serviced for others (LIBOR plus 160 basis points) (3)	103,459	106,797
	$ 130,110	$ 147,071

(1) The decline in the balance outstanding during the six months ended June 30, 2003 was due to principal repayments, offset by amortization of discount.

(2) During the second quarter of 2003, the Ocwen NIM Trust 1999 - OAC1 adopted a plan of complete liquidation and, thereby, caused the early redemption of the bonds-match funded agreements that were secured by residual securities. See "Changes in Financial Condition - Match Funded Assets."

(3) Under the terms of the agreement, we are eligible to sell additional advances on loans serviced for others up to a maximum balance of $200,000.

Lines of Credit and Other Secured Borrowings. We have obtained secured borrowings from unaffiliated financial institutions as follows:

Borrowing Type	Collateral	June 30, 2003	December 31, 2002	Maturity	Interest Rate (1)
Line of credit	Advances on loans serviced for others (2)	$ 97,427	$ 78,511	April 2004	LIBOR + 200 basis points
Mortgage note	Investment in real estate - office building, Jacksonville, Florida	20,000	--	May 2005	LIBOR + 350 basis points, floor of 5.75%
Secured loan	Trading securities - unrated subprime residuals (UK)	18,846	--	June 2004	LIBOR + 275 basis points
Senior secured credit agreement	Purchased mortgage servicing rights and advances on loans serviced for others (3)	15,896	--	April 2004	LIBOR + 162.5 or 225 basis points
Installment note	Purchased mortgage servicing rights	4,994	--	June 2004	2.81%
Term loan	Loan receivable	4,235	4,235	September 2003	LIBOR + 250 basis points, floor of 8.00%
		$ 161,398	$ 82,746		

(1) 1-month LIBOR was 1.12% and 1.38% at June 30, 2003 and December 31, 2002, respectively.

(2) Maximum amount of borrowing under this facility is $100,000.

(3) Maximum amount of borrowing under this facility is $60,000.

During 2003, we have entered in to a number of additional secured borrowing agreements. These actions are consistent with the strategic plan that we adopted in 2000, which included, among other things, a commitment to reduce our reliance on brokered deposits and long-term debt as sources of financing for our operations. See "Liquidity, Commitments and Off-Balance Sheet Risks."

(Dollars in thousands, except share data)

Notes and Debentures. Notes and debentures mature as follows:

	June 30, 2003	December 31, 2002
2003:		
11.875% Notes due October 1........................	$ 43,475	$ 43,475
2005:		
12% Subordinated Debentures due September 15 (1)...	33,065	33,500
	$ 76,540	$ 76,975

(1) During the second quarter of 2003 we repurchased $435 of our Subordinated Debentures in the open market resulting in a loss of $(4).

Company Obligated, Mandatorily Redeemable Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company. The outstanding balance of the 10.875% Capital Securities due August 1, 2027 of $56,249 at June 30, 2003 is unchanged from December 31, 2002. See Note 3 to the Interim Consolidated Financial Statements included in Item 1 hereof.

Minority Interest in Subsidiary. Minority interest of $1,442 and $1,778 at June 30, 2003 and December 31, 2002, respectively, represents the investment by others in GSS, which we formed during the third quarter of 2002 to establish, license and operate distressed asset management servicing companies in various countries around the world. The minority interest represents 38% of the investment in these companies as of June 30, 2003.

Stockholders' Equity. Stockholders' equity decreased $5,966 or 1.9% during the six months ended June 30, 2003. The decrease was primarily due to the net loss of $(4,297) for the first half of 2003 and our repurchase of 494,500 shares of our common stock for $2,235 during the second quarter. See Consolidated Statements of Changes in Stockholders' Equity of the Interim Consolidated Financial Statements included in Item 1 herein.

Liquidity, Commitments and Off-Balance Sheet Risks

Our primary sources of funds for liquidity are:

- Deposits
- Lines of credit and other secured borrowings
- Match funded debt
- Securities sold under agreements to repurchase
- Payments received on loans and securities
- Proceeds from sales of assets
- Servicing fees

We plan to retain non-brokered deposits as a source of financing our operations while at the same time reducing our reliance on brokered deposits. We plan to reduce this reliance by using proceeds from the sale of non-core assets to pay off maturing brokered deposits and by diversifying our funding sources through obtaining credit facilities for servicing rights and advances. Our ability to continue to attract new non-brokered deposits and rollover existing non-brokered deposits depends largely on our ability to compete with interest rates offered by other banks in the northern New Jersey area. In 2002 and during the first half of 2003, we were able to increase the amount of non-brokered deposits outstanding. If we are unable to maintain the amount of non-brokered deposits outstanding and must replace them with alternative sources of funds, it is likely that we would have to incur higher interest costs to fund our assets.

In the last several years, our Residential Loan Servicing business has grown through the purchase of servicing rights. Servicing rights entitle the owner to earn servicing fees and other types of ancillary income and impose various obligations on the servicer. Among these are the obligation to make advances for delinquent principal and interest, taxes, insurance and various other items that are required to preserve the assets being serviced.

Our ability to continue to expand our servicing business depends in part on our ability to obtain additional financing to purchase new servicing rights and to fund servicing advances. We currently use a variety of sources of debt to finance these assets, including deposits, credit facilities and other seller financing. Our credit facilities provide financing to us at amounts that are less than the full value of the related servicing advances that serve as the collateral for the credit facilities. If we cannot replace or renew these sources as they mature or obtain additional sources of financing, we may unable to acquire new servicing rights and make the associated advances.

Under a match funding agreement that we entered into on December 20, 2001, we are eligible to sell advances on loans serviced for others up to a maximum debt balance of $200,000 at any one time. At June 30, 2003 we had $103,459 of bonds-match funded agreements outstanding under this facility, which, if not renewed, will mature in December 2003. The sales of advances did not qualify as sales for accounting purposes; therefore, we report them as secured borrowings with pledges of collateral. We have accounted for additional sales under this facility in the same manner.

Under a revolving credit facility executed in April 2001 we have the right to pledge servicing advances as collateral for a loan up to $100,000. The facility, if not renewed, will mature in April 2004. The balance outstanding under this facility at June 30, 2003 was $97,427.

In April 2003, we also entered into a $60,000 secured credit agreement that may be used to fund servicing advances and acquisitions of servicing rights. The amount of this agreement may be increased to a maximum of $200,000 if increased commitments from existing lenders or new commitments from prospective lenders can be obtained. The agreement matures April 2004 and bears interest at LIBOR plus 162.5 basis points for funding of servicing advances or 225 basis points for funding of acquisitions of servicing rights. As of June 30, 2003, we had a balance outstanding under this agreement of $15,896.

In June 2003, we entered, for the first time, into an agreement for seller financing of purchased mortgage servicing rights. As of June 30, 2003, we had $4,994 outstanding under such an agreement with an interest rate of 2.81%.

Also in June, we entered into a secured loan agreement under which we borrowed $18,846. This agreement, which is secured by the assignment of our interest in certain unrated subprime residual securities, matures June 2004 and bears interest at LIBOR plus 275 basis points.

In addition, at June 30, 2003, we had $250,006 of unrestricted cash and cash equivalents and $4,982 of short duration CMOs that we could use to secure additional borrowings. At June 30, 2003, we were eligible to borrow up to an aggregate of $50,000 from the FHLB of New York (based on the availability of acceptable collateral). We had no outstanding FHLB advances or securities we sold under agreements to repurchase from the FHLB at June 30, 2003 or December 31, 2002.

We closely monitor our liquidity position and ongoing funding requirements. Among the risks and challenges associated with our funding activities are the following:

- Scheduled maturities of all certificates of deposit for the twelve months ending June 30, 2004, the twelve months ending June 30, 2005 and thereafter amount to $265,983, $84,893 and $17,001, respectively.
- Expiration of an existing collateralized line of credit in April 2004.
- Maturity of our match funded servicing advance funding facility in December 2003, as discussed above.
- Maturity of a note and loan totaling $47,710 in September and October 2003.
- Potential extension of resolution and sale timelines for non-core assets in the current weak economic environment.
- Ongoing cash requirements to fund operations of our holding company and OTX.
- Cash requirements to fund our acquisition of additional servicing rights and related advances.

We believe that our existing sources of liquidity, including internally generated funds, will be adequate to fund our planned activities for the foreseeable future, although there can be no assurances in this regard. As discussed above, we continue to evaluate other sources of liquidity, such as lines of credit from unaffiliated parties, match funded debt and other secured borrowings.

Our operating activities provided $22,180 and $162,822 of cash flows during the six months ended June 30, 2003 and 2002, respectively. During the foregoing periods, cash was generated from operating activities, despite the net losses recorded, for two reasons. First, the net losses included non-cash reserves and impairment charges, depreciation of premises and equipment and amortization of purchased mortgage-servicing rights in both years. Second, our securities portfolio generated positive cash flow through sales, interest and principal payments. The decline in cash flows provided by operating activities in the first six months of 2003 was primarily the result of a decline in cash provided by our trading securities and an increase in advances on loans we serviced for others.

Our investing activities provided cash flows totaling $735 and $66,302 during the six months ended June 30, 2003 and 2002, respectively. During the foregoing periods, cash flows from our investing activities were provided primarily from principal payments on our loans and proceeds from sales of loans and real estate. We used cash flows from our investing activities primarily to purchase mortgage servicing rights and fund loans made to facilitate the sales of real estate assets. The decline in net cash provided by investing activities in the first six months of 2003 is primarily due to a decline in proceeds from sales of loans, real estate and affordable housing properties.

Our financing activities provided (used) cash flows of $44,838 and $(245,405) during the six months ended 2003 and 2002, respectively. Cash flows related to our financing activities primarily resulted from changes in deposits, proceeds from lines of credit and other secured borrowings and repayment of match funded debt. The increase in cash provided by financing activities in the first six months of 2003 as compared to the same period of 2002 resulted primarily from a decline in maturing deposits and an increase in proceeds from lines of credit and other secured borrowings as a result of new credit facilities entered into during the second quarter of 2003. Deposits totaling $199,807 matured during the first six months of 2002 as compared to $14,190 during the first six months of 2003.

Commitments. At June 30, 2003, we had $149 of commitments related to the funding of construction loans. We believe that we have adequate resources to fund all such unfunded commitments to the extent required and that substantially all of such unfunded commitments will be funded during 2003. See Note 8 to our Interim Consolidated Financial Statements.

Off-Balance Sheet Risks. In addition to commitments to extend credit, we are party to various off-balance sheet financial instruments in the normal course of our business to manage our interest rate risk and foreign currency exchange rate risk. See Note 4 to our Interim Consolidated Financial Statements and "Asset and Liability Management".

We conduct business with a variety of financial institutions and other companies in the normal course of business, including counterparties to our off-balance sheet financial instruments. We are subject to potential financial loss if the counterparty is unable to complete an agreed upon transaction. We seek to limit counterparty risk through financial analysis, dollar limits and other monitoring procedures.

Regulatory Capital and Other Requirements

See Note 5 to our Interim Consolidated Financial Statements.

Recent Accounting Developments

For information relating to the effects of our adoption of recent accounting standards, see Note 2 to our Interim Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.
(Dollars in thousands)

Asset and Liability Management

Asset and liability management is concerned with the timing and magnitude of the repricing of assets and liabilities. Our objective is to attempt to control risks associated with interest rate and foreign currency exchange rate movements. In general, our strategy is to match asset and liability balances within maturity categories and to manage foreign currency rate exposure related to our investments in non-U.S. dollar functional currency operations in order to limit our exposure to earnings variations and variations in the value of assets and liabilities as interest rates and foreign currency exchange rates change over time. Our Asset/Liability Management Committee (the "Committee"), which is composed of OCN's directors and officers, formulates and monitors our asset and liability management in accordance with policies approved by OCN's Board of Directors. The Committee meets to review, among other things, the sensitivity of our assets and liabilities to interest rate changes and foreign currency exchange rate changes, the book and market values of assets and liabilities, unrealized gains and losses, including those attributable to hedging transactions, purchase and sale activity, and maturities of investments and borrowings. The Committee also approves and establishes pricing and funding decisions with respect to overall asset and liability composition.

The Committee's methods for evaluating interest rate risk include an analysis of our interest rate sensitivity "gap," which is defined as the difference between interest-earning assets and interest-bearing liabilities maturing or repricing within a given time period. A gap is considered positive when the amount of interest-rate sensitive assets exceeds the amount of interest-rate sensitive liabilities. A gap is considered negative when the amount of interest-rate sensitive liabilities exceeds interest-rate sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to affect net interest income adversely. Because different types of assets and liabilities with the same or similar maturities may react differently to changes in overall market rates or conditions, changes in interest rates may affect net interest income positively or negatively even if an institution were perfectly matched in each maturity category.

The following table sets forth the estimated maturity or repricing of our interest-earning assets and interest-bearing liabilities at June 30, 2003. The amounts of assets and liabilities shown within a particular period were determined in accordance with the contractual terms of the assets and liabilities, except:

- Adjustable-rate loans, performing discount loans and securities are included in the period in which they are first scheduled to adjust and not in the period in which they mature,

- Fixed-rate mortgage-related securities reflect estimated prepayments, which were estimated based on analyses of broker estimates, the results of a prepayment model that we use and empirical data,

- Non-performing discount loans reflect the estimated timing of resolutions that result in repayment to us,

- Mortgage servicing rights reflect estimated prepayment and delinquency rates that are projected at the individual loan level.

- NOW and money market checking deposits and savings deposits, which do not have contractual maturities, reflect estimated levels of attrition, which are based on our detailed studies of each such category of deposit and

- Escrow deposits and other non-interest bearing checking accounts, which amounted to $109,159 at June 30, 2003, are excluded.

(Dollars in thousands)

Our management believes that these assumptions approximate actual experience and considers them reasonable; however, the interest rate sensitivity of our assets and liabilities in the table could vary substantially if different assumptions were used or actual experience differs from the historical experience on which the assumptions are based.

	June 30, 2003				
	Within Three Months	Four to Twelve Months	More Than One Year to Three Years	Three Years and Over	Total
Rate-Sensitive Assets					
Interest-earning deposits	$ 124,164	$ --	$ --	$ --	$ 124,164
Federal funds sold and repurchase agreements	70,000	--	--	--	70,000
Trading securities	8,782	9,142	16,276	17,636	51,836
Loans, net (1)	5,782	10,120	13,654	6,366	35,922
Investment securities, net	4,293	--	--	--	4,293
Match funded loans (1)	780	20,326	4,453	5,844	31,403
Mortgage servicing rights	20,038	46,894	64,544	49,313	180,789
Total rate-sensitive assets	233,839	86,482	98,927	79,159	498,407
Rate-Sensitive Liabilities					
NOW and money market checking deposits	16,566	198	424	1,102	18,290
Savings deposits	104	206	407	723	1,440
Certificates of deposit	72,627	193,360	93,709	8,181	367,877
Total interest-bearing deposits	89,297	193,764	94,540	10,006	387,607
Bond-match funded loan agreements	130,110	--	--	--	130,110
Lines of credit and other secured borrowings	161,398	--	--	--	161,398
Notes and debentures	--	43,475	33,065	--	76,540
Total rate-sensitive liabilities	380,805	237,239	127,605	10,006	755,655
Interest rate sensitivity gap excluding financial instruments	(146,966)	(150,757)	(28,678)	69,153	(257,248)
Financial Instruments					
Interest rate floors	--	(287)	--	--	(287)
Total rate-sensitive financial instruments	--	(287)	--	--	(287)
Interest rate sensitivity gap including financial instruments	$ (146,966)	$ (151,044)	$ (28,678)	$ 69,153	$ (257,535)
Cumulative interest rate sensitivity gap	$ (146,966)	$ (298,010)	$ (326,688)	$ (257,535)	
Cumulative interest rate sensitivity gap as a percentage of total rate-sensitive assets	(29.49)%	(59.79)%	(65.55)%	(51.67)%	

(1) Balances have not been reduced for non-performing loans.

We have experienced a large negative interest rate sensitivity gap in recent years. This change has been the result of both our acquisition of OAC and our change in strategic focus away from capital-intensive businesses and into fee-based sources of income. The result has been an increase in the relative amount of noninterest-earning assets, such as real estate assets and loan servicing assets that are funded by interest-bearing liabilities. Consequently, the amount of the interest rate sensitivity gap may continue to be negative as we continue the transition to fee-based businesses.

The OTS has established specific minimum guidelines for thrift institutions to observe in the area of interest rate risk as described in Thrift Bulletin No. 13a, "Management of Interest Rate Risk, Investment Securities, and Derivative Activities" ("TB 13a"). Under TB 13a, institutions are required to establish and demonstrate quarterly compliance with board-approved limits on interest rate risk that are defined in terms of net portfolio value ("NPV"), which is defined as the net present value of an institution's existing assets, liabilities and off-balance sheet instruments. These limits specify the minimum net portfolio value ratio ("NPV Ratio") allowable under current interest rates and hypothetical interest rate scenarios. An institution's NPV Ratio for a given interest rate scenario is calculated by dividing the NPV that would result in that scenario by the present value of the institution's assets in that same scenario. In the current, low interest rate environment the hypothetical scenarios are represented by immediate, permanent, parallel movements (shocks) in the term structure of interest rates of plus 100, 200 and 300 basis points and minus 100 basis points from the actual term structure observed at quarter end.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.
(Dollars in thousands)

The current NPV Ratio for each of the seven rate scenarios and the corresponding limits approved by OCN's Board of Directors, and as applied to OCN, are as follows at June 30, 2003:

Rate Shock in basis points	Board Limits (minimum NPV Ratios)	Current NPV Ratios
+300	5.00%	32.39%
+200	6.00%	31.21%
+100	7.00%	29.92%
0	8.00%	28.53%
-100	7.00%	27.27%

The Committee also regularly reviews interest rate risk by forecasting the impact of alternative interest rate environments on net interest income and NPV and evaluating such impacts against the maximum potential changes in net interest income and NPV that is authorized by OCN's Board of Directors, and as applied to OCN. The following table quantifies the potential changes in net interest income and net portfolio value should interest rates go up or down (shocked) 300 or 100 basis points, respectively, assuming the yield curves of the rate shocks will be parallel to each other. The cash flows associated with loans and securities are calculated based on prepayment and default rates that vary by asset. Projected losses, as well as prepayments, are generated based upon the actual experience with the subject pool, as well as similar, more seasoned pools. To the extent available, loan characteristics such as loan-to-value ratio, interest rate, credit history, prepayment penalty terms and product types are used to produce the projected loss and prepayment assumptions that are included in the cash flow projections of the assets. When interest rates are shocked, these projected loss and prepayment assumptions are further adjusted. Changes in prepayment rates and delinquency rates under different interest rate shocks for mortgage servicing rights are calculated using third party and proprietary models. Prepayment and delinquency rates are projected at the individual loan level based on characteristics such as borrower credit score, note interest rate and prepayment penalty and aggregated into stratifications of the portfolio based on loan type (Subprime, Alt A, High LTV and 2nd Mortgage) and by year of origination. The base interest rate scenario assumes interest rates at June 30, 2003. Actual results could differ significantly from the OCN results estimated in the following table:

	Estimated Changes in	
Rate Shock in basis points	Net Interest	NPV
+300	20.79%	18.68%
+200	13.86%	12.81%
+100	6.93%	6.54%
0	0.00%	0.00%
-100	-6.93%	-5.72%

The Committee is authorized to utilize a wide variety of off-balance sheet financial techniques to assist it in the management of interest rate risk and foreign currency exchange rate risk. These techniques include interest rate caps and floors and foreign currency futures contracts.

Interest Rate Risk Management. We have purchased amortizing caps and floors to hedge our interest rate exposure relating to match funded loans and securities. Those caps and floors had an aggregate notional amount of $105,290 and $28,729, respectively, at June 30, 2003, as compared with an aggregate notional amount of $111,799 and $30,563, respectively, at December 31, 2002.

See the "Interest Rate Management" section of Note 4 to the Interim Consolidated Financial Statements included in Item 1 herein for additional disclosures regarding our interest rate derivative financial instruments.

Foreign Currency Exchange Rate Risk Management. We have entered into foreign currency futures to hedge our investments in foreign subsidiaries that own the shopping center located in Halifax, Nova Scotia and residual interests backed by residential loans originated in the UK.

See the "Foreign Currency Management" section of Note 4 to the Interim Consolidated Financial Statements included in Item 1 herein for additional disclosures regarding our foreign currency derivative financial instruments.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

As of the end of the period covered by this report and pursuant to Rule 13a - 15 of the Securities Exchange Act of 1934 (the "Exchange Act"), management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness and design of our disclosure controls and procedures (as that term is defined in Rules 13a - 15(e) and 15d - 15(e) of the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded, as of the end of the period covered by this report, that our disclosure controls and procedures were effective in recording, processing, summarizing and reporting information required to be disclosed by us, within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in internal controls

In addition and as of the end of the period covered by this report, there have been no changes in internal control over financial reporting (as defined in Rule 13a - 15(f) and 15d - 15(f) of the Exchange Act) during the quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

Forward-Looking Statements

This quarterly report on Form 10-Q 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 discussions of the future availability of funds, beliefs regarding regulatory compliance, expectations as to resolution of our non-core assets, predictions on loan yield and the adequacy of our funding needs, our intentions with regard to the issuance of brokered deposits, our estimates for loan losses and carrying values, and plans for growth 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, uncertainty related to dispute resolution and litigation, and real estate market conditions and trends, as well as other risks detailed in OCN's reports and filings with the Securities and Exchange Commission, including its periodic reports on Form 10-Q for the quarter ended March 31, 2003 and Form 10-K for the year ended December 31, 2002. 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.

Part II - Other Information

Item 1. Legal Proceedings.

See "Note 8 Commitments and Contingencies" of Ocwen Financial Corporation's Interim Consolidated Financial Statements.

Item 4. Submission of Matters to a Vote of Security Holders.

At OCN's Annual Meeting of Shareholders held on May 15, 2003, the following individuals were elected to the Board of Directors:

	Votes For	Votes Withheld
William C. Erbey	58,593,021	2,338,982
Ronald M. Faris	58,778,821	2,153,182
William H. Lacy	55,645,350	5,286,653
W. Michael Linn	58,778,992	2,153,011
W.C. Martin	55,645,346	5,286,657
Herbert B. Tasker	58,778,992	2,153,011
Barry N. Wish	58,778,821	2,153,182

Amendments to the 1998 Annual Incentive Plan were also voted on and approved. The votes were as follows:

Votes for	60,523,434
Votes against	352,018
Abstentions	56,551

Ratification of PricewaterhouseCoopers LLP as the independent auditors of OCN for the fiscal year ending December 31, 2003 was also voted on and approved by the shareholders. The votes were as follows:

Votes for	56,278,687
Votes against	4,644,753
Abstentions	8,563

Item 6. Exhibits and Reports on Form 8-K.

(a)3 Exhibits.

2.1	Agreement of Merger dated as of July 25, 1999 among Ocwen Financial Corporation, Ocwen Asset Investment Corp. and Ocwen Acquisition Company (1)
3.1	Amended and Restated Articles of Incorporation (2)
3.2	Amended and Restated Bylaws (3)
4.0	Form of Certificate of Common Stock (2)
4.1	Form of Indenture between OCN and Bank One, Columbus, NA as Trustee (2)
4.2	Form of Note due 2003 (Included in Exhibit 4.1) (2)
4.3	Certificate of Trust of Ocwen Capital Trust I (4)
4.4	Amended and Restated Declaration of Trust of Ocwen Capital Trust I (4)
4.5	Form of Capital Security of Ocwen Capital Trust I (Included in Exhibit 4.4) (4)
4.6	Form of Indenture relating to 10.875% Junior Subordinated Debentures due 2027 of OCN (4)
4.7	Form of 10.875% Junior Subordinated Debentures due 2027 of OCN (Included in Exhibit 4.6) (4)
4.8	Form of Guarantee of the OCN relating to the Capital Securities of Ocwen Capital Trust I (4)
4.9	Form of Indenture between Ocwen Federal Bank FSB and The Bank of New York as Trustee (5)
4.10	Form of Subordinated Debentures due 2005 (5)
10.1	Ocwen Financial Corporation 1996 Stock Plan for Directors, as amended (6)
10.2	Ocwen Financial Corporation 1998 Annual Incentive Plan (7)
10.3	Compensation and Indemnification Agreement, dated as of May 6, 1999, between OAC and the independent committee of the Board of Directors (8)
10.4	Indemnity agreement, dated August 24, 1999, among OCN and OAC's Board of Directors (9)

10.5	Amended Ocwen Financial Corporation 1991 Non-Qualified Stock Option Plan, dated October 26, 1999 (9)
10.6	First Amendment to Agreement, dated March 31, 2000, between HCT Investments, Inc. and OAIC Partnership I, L. P. (9)
10.7	Form of Employment Agreement dated as of April 1, 2001, by and between Ocwen Financial Corporation and Arthur D. Ringwald (10)
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of the Chief Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

(1) Incorporated by reference from the similarly described exhibit included with the Registrant's Current Report on Form 8-K filed with the Commission on July 26, 1999.

(2) Incorporated by reference from the similarly described exhibit filed in connection with the Registrant's Registration Statement on Form S-1 (File No. 333-5153), as amended, declared effective by the Commission on September 25, 1996.

(3) Incorporated by reference from the similarly described exhibit included with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998.

(4) Incorporated by reference from the similarly described exhibit filed in connection with Ocwen Financial Corporation's Registration Statement on Form S-1 (File No. 333-28889), as amended, declared effective by the Commission on August 6, 1997.

(5) Incorporated by reference from the similarly described exhibit filed in connection with Amendment No. 2 to Offering Circular on Form OC (on Form S-1) filed on September 7, 1995.

(6) Incorporated by reference from the similarly described exhibit filed in connection with the Registrant's Registration Statement on Form S-8 (File No. 333-44999), effective when filed with the Commission on January 28, 1998.

(7) Incorporated by reference from the similarly described exhibit to Ocwen Financial Corporation's Definitive Proxy Statement with respect to Ocwen Financial Corporation's 1998 Annual Meeting of Shareholders filed with the Commission on March 31, 1998.

(8) Incorporated by reference from OAC's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999.

(9) Incorporated by reference from the similarly described exhibit included with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000.

(10) Incorporated by reference from the similarly described exhibit included with the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001.

(b) Reports on Form 8-K Filed during the Quarter Ended June 30, 2003.

(1) A Form 8-K was filed by OCN on May 6, 2003 that contained a news release announcing Ocwen Financial Corporation's financial results for the first quarter ended March 31, 2003.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OCWEN FINANCIAL CORPORATION

By: /s/ Mark S. Zeidman

Mark S. Zeidman,
Senior Vice President and
Chief Financial Officer
(On behalf of the Registrant and as its
principal financial officer)

Date: August 14, 2003

CERTIFICATIONS

I, William C. Erbey, certify that:

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

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

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

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

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

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

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

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

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

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

Date: August 14, 2003

/s/ William C Erbey

William C. Erbey
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Mark S. Zeidman, certify that:

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

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

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

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

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

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

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

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

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

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

Date: August 14, 2003

/s/ Mark S. Zeidman

Mark S. Zeidman
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, William C. Erbey, state and attest that:

(1) I am the Chief Executive Officer of Ocwen Financial Corporation (the "Registrant").

(2) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Quarterly Report on Form 10-Q of the Registrant for the quarter ended June 30, 2003 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

- the information contained in the periodic report fairly represents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.

Name: /s/ William C. Erbey
Title: Chief Executive Officer
Date: August 14, 2003

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Mark S. Zeidman, state and attest that:

(1) I am the Chief Financial Officer of Ocwen Financial Corporation (the "Registrant").

(2) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Quarterly Report on Form 10-Q of the Registrant for the quarter ended June 30, 2003 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

- the information contained in the periodic report fairly represents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.

Name: /s/ Mark S. Zeidman
Title: Chief Financial Officer
Date: August 14, 2003