

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): OCTOBER 30, 1997

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

FLORIDA  
(STATE OR OTHER  
JURISDICTION  
OF INCORPORATION)

0-21341  
(COMMISSION  
FILE NUMBER)

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

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

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

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

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ITEM 5. OTHER EVENTS

The news release of Ocwen Financial Corporation dated October 27, 1997, regarding its financial results for the three and nine month periods ended September 30, 1997, including unaudited consolidated financial statements for the three and nine month periods ended September 30, 1997, are attached and filed herewith as Exhibit 99.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

The following exhibit is filed as part of this report:

(99) News release of Ocwen Financial Corporation dated October 27, 1997.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

OCWEN FINANCIAL CORPORATION  
(Registrant)

By: /s/ Mark S. Zeidman

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Mark S. Zeidman  
Senior Vice President and  
Chief Financial Officer

Date: October 30, 1997

# INDEX TO EXHIBIT

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99	News release of Ocwen Financial Corporation dated October 27, 1997 regarding its financial results for the three and nine month periods ended September 30, 1997.	5

NEWS RELEASE: IMMEDIATE

October 27, 1997

OCWEN FINANCIAL CORPORATION REPORTS THIRD QUARTER RESULTS

Ocwen Financial Corporation ("Ocwen" or the "Company") reported net income of \$20.2 million in the third quarter of 1997, 101% higher than the third quarter of 1996. Earnings per share for the quarter were \$0.70 versus \$0.37 for the same period a year ago. The Company's annualized return on average assets and annualized return on average common equity were 2.77% and 26.47%, respectively, in the third quarter of 1997 compared with 1.85% and 24.85%, respectively, in the third quarter of 1996.

Net income for the nine months ended September 30, 1997 totaled \$56.0 million, up 123% from the same period in 1996. Earnings per share were \$2.02 for the nine months ended September 30, 1997 versus \$0.94 for the same period in 1996.

THIRD QUARTER AND NINE MONTHS RESULTS AT A GLANCE

	Third Quarter		Nine Months	
In thousands of dollars, except per share data	1997	1996	1997	1996
Revenues	\$ 63,359	\$ 36,213	\$ 179,109	\$ 93,073
Provision for loan losses	(4,088)	(4,469)	(21,739)	(18,839)
Operating expenses	(31,219)	(21,531)	(84,995)	(47,085)
Income tax expense	(6,179)	(157)	(14,911)	(2,067)
Net income	20,165	10,056	55,998	25,082
Net income per share	0.70	0.37	2.02	0.94

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

Revenues rose \$ 27.1 million or 75% in the third quarter of 1997 from a year ago and were up 92% for the nine months ended September 30, 1997.

- o Net interest income before provision for loan losses increased \$20.5 million or 121% to \$37.4 million in the third quarter of 1997. The increase in net interest income during the third quarter of 1997 was largely due to significant increases in the average balance of interest-earning assets, primarily discount loans, and an increase in net interest margin due largely to additional interest received in connection with the payoff of loans held in the loan portfolio. In the nine months ended September 30, 1997, net interest income increased \$21.5 million or 35% to \$82.8 million. The increase in net interest income during the nine months ended September 30, 1997 was due to significant increases in the average balance of interest-earning assets, primarily discount loans, offset in part by a decline in net interest margin.
- o Non-interest income increased \$10.3 million or 68% to \$25.4 million in the third quarter of 1997. This increase is due primarily to a \$6.3 million gain included in other income recognized in connection with the sale of an investment in a low-income housing tax credit interest and a \$6.2 million increase in servicing fees and other charges which reflects a significant increase in loans serviced for others, offset in part by a \$2.0 million decline in gains on sales of interest earning assets. In the nine months ended September 30, 1997, non-interest income rose 202% to \$80.1 million.
- o Equity in earnings of the Company's investment in joint ventures amounted to \$546,000 in the third quarter of 1997 as compared to \$4.1 million in the third quarter of 1996, a decline of \$3.6 million or 87% as a result of the declining asset base of the joint ventures. Equity in earnings of investment in joint ventures amounted to \$16.2 million for the nine months ended September 30, 1997 as compared to \$5.2 million for the same period in 1996.

Contact: Christine A. Reich, Managing Director

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Operating expenses rose \$9.7 million or 45% in the third quarter of 1997.

- o Compensation and employee benefits increased \$12.0 million or 143% primarily due to a 135% increase in the average number of employees and increased employee profit sharing expense in line with improved earnings.
- o Occupancy and equipment expense increased \$2.9 million or 134%.
- o Operating expenses for the third quarter of 1996 included a \$7.1 million non-recurring expense related to the Federal Deposit Insurance Corporation's assessment to recapitalize the Savings Association Insurance Fund ("SAIF").

Operating expenses increased \$37.9 million or 81% in the nine months ended September 30, 1997.

#### RECENT DEVELOPMENTS

On August 1, 1997 shares of the Company's common stock began trading on the New York Stock Exchange ("NYSE") under the symbol "OCN". The Company's common stock had traded on the NASDAQ National Market System under the symbol "OCWN" since September 1996, when the Company completed its initial public offering. Upon effectiveness of the NYSE listing, the Company delisted its common stock from NASDAQ.

On August 6, 1997 the Securities and Exchange Commission ("SEC") declared effective a Form S-1 registration statement with respect to the offering by the Company to the public of 3,000,000 shares (plus up to 450,000 shares pursuant to the underwriters' over-allotment option) of newly-issued common stock. The offering of such common stock, which closed on August 12, 1997, resulted in estimated net proceeds to the Company of \$123.4 million. Concurrently on August 6, 1997, the SEC declared effective a Form S-1 registration statement with respect to the offering by Ocwen Capital Trust I, a newly-formed Delaware business trust and subsidiary of Ocwen, of \$125.0 million of 10 7/8% Capital Securities. The offering of the 10 7/8% Capital Securities, which also closed on August 12, 1997, resulted in estimated net proceeds to the Company of \$120.7 million. On September 4, 1997 the underwriters exercised their over-allotment option to purchase 450,000 shares of common stock. The exercise of such option, which closed on September 9, 1997 resulted in net proceeds to the Company of \$18.6 million.

On September 24, 1997 the Company and UBS Mortgage Finance, Inc. ("UBS") were jointly awarded approximately 11,000 single-family discount loans with an unpaid principal balance of approximately \$700.0 million auctioned by the Department of Housing and Urban Development. As between the Company and UBS, Ocwen was allocated 5,461 of those loans with an aggregate principal balance of \$346.0 million.

On September 25, 1997 the Company completed the securitization of 910 sub-prime single-family residential mortgage loans with an aggregate unpaid principal balance of \$102.2 million. The Company recorded total gains of \$5.4 million on the sale of the senior classes of securities in connection with this transaction. The Company continues to service the loans for a fee and has retained an interest in the related residual class security.

On September 26, 1997 the Company completed the sale of its investment in a low-income housing tax credit project and realized a gain of \$6.3 million on proceeds of \$22.0 million.

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

## REVENUES

### NET INTEREST INCOME

Interest income of \$77.5 million for the third quarter of 1997 increased by \$33.3 million or 76% over that of the third quarter of 1996 as a result of an \$873.5 million or 56% increase in the average balance of interest-earning assets, of which \$527.7 million is related to discount loans, and a 142 basis point increase in the average yield earned. The average yield on interest-earning assets was 12.74% and 11.32% in the third quarter of 1997 and 1996, respectively, and 11.47% and 12.25% in the nine months ended September 30, 1997 and 1996, respectively. The increase in yield for the three months ended September 30, 1997 is primarily attributable to the loan portfolio which realized \$5.5 million of additional interest received in connection with the payoff of three loans secured by hotel and office properties. The decline in yield for the nine months ended September 30, 1997 was primarily attributable to a \$404 million increase in the average balance of single-family discount loans held coupled with the Company's decision to cease accretion of discount on such loans effective January 1, 1997. As a result of the Company's decision to cease accretion of discount, the Company now recognizes income on its nonperforming single-family loans at the time of payoff or sale rather than over the anticipated holding period.

Interest expense of \$40.1 million for the third quarter of 1997 increased by \$12.9 million or 47% over the comparable period in the prior year as a result of a \$669.8 million or 39% increase in the average balance of interest-bearing liabilities, of which \$499.2 million is related to certificates of deposits, and a 36 basis point increase in the average rate paid. For the nine months ended September 30, 1997, interest expense amounted to \$116.1 million, a \$33.9 million or 41% increase over the same period of the prior year. The average rate paid on interest-bearing liabilities was 6.76% and 6.40% in the third quarter of 1997 and 1996, respectively, and 6.66% and 6.42% in the nine months ended September 30, 1997 and 1996, respectively.

As a result of the above, net interest income before provision for loan losses of \$37.4 million for the third quarter of 1997 increased by \$20.5 million or 121% from the third quarter of 1996 and the net interest margin for the third quarter of 1997 increased to 6.14% from 4.34% for the third quarter of 1996. Net interest income of \$82.8 million for the nine months ended September 30, 1997 increased \$21.5 million or 35% over the comparable period of the prior year and the net interest margin declined 45 basis points to 4.78%.

### EQUITY IN EARNINGS OF INVESTMENT IN JOINT VENTURE

During the third quarter of 1997, the Company recorded \$546,000 of income related to its investment in joint ventures as compared to \$4.1 million in the third quarter of 1996. The Company's pro rata share of the income from the joint ventures in the third quarter of 1997 consisted primarily of net interest income. Equity in earnings of investment in joint ventures amounted to \$16.2 million for the nine months ended September 30, 1997 and includes a \$9.2 million net gain related to the securitization of single-family residential loans in the first quarter and the recapture of \$3.2 million of valuation allowances established in 1996 by the Company on its equity investment in joint ventures as a result of the resolution and securitization of loans. The Company acts as the servicer for the loans previously securitized as well as the remaining loans held by the joint venture.

### NON-INTEREST INCOME

Non-interest income of \$25.4 million for the third quarter of 1997 increased by \$10.3 million from that of the third quarter of 1996 primarily due to a \$6.2 million increase in servicing fees and other charges and a \$6.3 million gain included in other income recognized in connection with the sale of an investment in a low-income housing tax credit project, offset in part by a \$2.0 million decrease in gains on sales of interest earning assets. Gains on sales of interest earning assets for the third quarter of 1997 of \$6.0 million is primarily comprised of a \$5.4 million gain recognized in connection with the securitization of 910 sub-prime

single-family residential mortgage loans with an aggregate unpaid principal balance of \$102.2 million.

Non-interest income of \$80.1 million for the nine months ended September 30, 1997 increased by \$53.6 million from the same period in 1996. Gains on sales of interest-earning assets for the nine months ended September 30, 1997 increased by \$28.6 million from the same period in 1996 and includes gains of \$9.5 million and \$16.8 million earned during the first and second quarter, respectively, in connection with the securitization of discount mortgage loans. Servicing fees and other charges increased \$15.5 million during the nine months ended September 30, 1997 as compared to the same period in 1996. The increases in servicing fees and other charges reflect an increase in loan servicing and related fees as a result of an increase in loans serviced for others. The average unpaid principal balance of loans serviced for others amounted to \$3.03 billion and \$1.03 billion during the third quarter of 1997 and 1996, respectively, and \$2.52 billion and \$645.1 million during the nine months ended September 30, 1997 and 1996, respectively. At September 30, 1997 Ocwen serviced loans for third parties totaling \$3.44 billion.

#### PROVISION FOR LOAN LOSSES

The Company's provision for loan losses amounted to \$4.1 million and \$4.5 million for the third quarter of 1997 and 1996, respectively, and \$21.7 million and \$18.8 million for the nine months ended September 30, 1997 and 1996, respectively. At September 30, 1997 Ocwen had allowances for losses of \$18.3 million and \$5.2 million on its discount loan and loan portfolios, respectively, which amounted to 1.23% and 1.31% of the respective balances. The Company maintained reserves of 1.1% and 0.9% on its discount loans and loan portfolios, respectively, at December 31, 1996.

#### OPERATING EXPENSES

Non-interest expense of \$31.2 million for the third quarter of 1997 increased by \$9.7 million or 45% as compared to the same period for 1996. Compensation and employee benefits increased by \$12.0 million as the average number of employees increased to 944 from 402 and the accrual for employee profit sharing expense increased by \$4.4 million over that of the third quarter of 1996. Occupancy and equipment expense increased \$2.9 million primarily due to an increase in data processing costs, general office equipment expenses and rent expense, all largely attributable to the increase in leased corporate and loan production office space and the increase in employees discussed above. Other operating expenses increased \$1.1 million primarily due to a \$763,000 increase in loan related expenses. Operating expenses for the third quarter of 1996 includes a \$7.1 million non-recurring assessment to recapitalize the SAIF. Non-interest expense of \$85.0 million for the nine months ended September 30, 1997 increased \$37.9 million or 81% over the comparable period in the prior year, with compensation and employee benefits accounting for \$31.9 million of the increase.

#### INCOME TAXES

Income tax expense amounted to \$6.2 million and \$157,000 during the third quarter of 1997 and 1996, respectively, and \$14.9 million and \$2.1 million for the nine months ended September 30, 1997 and 1996, respectively. The Company's income tax expense is reported net of tax credits of \$3.9 million and \$2.3 million for the third quarter of 1997 and 1996, respectively, and \$10.3 million and \$7.2 million for the nine months ended September 30, 1997 and 1996, respectively, resulting from investments in low-income housing tax credit interests. Exclusive of such amounts, the Company's effective tax rate amounted to 38.3% and 33.4% during the third quarter of 1997 and 1996, respectively, and 35.8% and 34.3% for the nine months ended September 30, 1997 and 1996, respectively.

## ASSETS

At September 30, 1997 the Company had \$3.07 billion of total assets as compared to \$2.48 billion at December 31, 1996. Ocwen acquired discount loans with a combined total unpaid principal balance of approximately \$446 million and \$1.29 billion during the three and nine months ended September 30, 1997, respectively, as compared to \$510 million and \$671 million during the three and nine months ended September 30, 1996, respectively. In addition, Ocwen purchased and originated single-family residential loans to sub-prime borrowers totaling approximately \$161 million and \$348 million during the three and nine months ended September 30, 1997, respectively.

## CAPITAL

Stockholders' equity increased 105% during the nine months ended September 30, 1997 from \$203.6 million at December 31, 1996 to \$418.0 million at September 30, 1997 primarily attributable to net income of \$56.0 million and the proceeds resulting from the sale of 3,450,000 shares of common stock. At September 30, 1997 stockholders' equity included \$4.5 million of net unrealized gains on securities available for sale, net of related deferred taxes of \$2.7 million, and \$13.4 million of net unrealized gains on equity securities, net of related deferred taxes of \$1.8 million, compared with \$3.5 million of net unrealized gains on securities available for sale at December 31, 1996, net of related deferred taxes of \$2.0 million.

Ocwen Federal Bank FSB (the "Bank"), the Company's primary subsidiary, had total stockholders' equity of \$271.6 million and \$228.2 million at September 30, 1997 and December 31, 1996, respectively. The Bank's core and tangible capital ratios were 10.48% and its total risk-based capital ratio was 13.99% at September 30, 1997.

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

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

	At or for the Three Months ended September 30,			At or for the Nine Months ended September 30,		
	1997	1996	% Increase/ (Decrease)	1997	1996	% Increase/ (Decrease)
<b>OPERATIONS DATA:</b>						
Interest income .....	\$ 77,479	\$ 44,145	76%	\$ 198,948	\$ 143,602	39%
Interest expense .....	40,097	27,217	47	116,129	82,253	41
Net interest income .....	37,382	16,928	121	82,819	61,349	35
Provision for loan losses .....	4,088	4,469	(9)	21,739	18,839	15
Net interest income after provision for loan losses .....	33,294	12,459	167	61,080	42,510	44
Servicing fees and other charges .....	7,321	1,158	532	17,402	1,945	795
Gain on sale of interest-earning assets, net	5,999	7,979	(25)	46,142	17,580	162
Other non-interest income .....	12,111	6,009	102	16,526	6,982	137
Total non-interest income .....	25,431	15,146	68	80,070	26,507	202
Compensation and employee benefits .....	20,471	8,431	143	55,069	23,170	138
SAIF recapitalization assessment .....	--	7,140	(100)	--	7,140	(100)
Other non-interest expense .....	10,748	5,960	80	29,926	16,775	78
Total non-interest expense .....	31,219	21,531	45	84,995	47,085	81
Distributions on Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company ..	1,850	--	--	1,850	--	--
Equity in earnings of investment in joint ventures .....	546	4,139	(87)	16,220	5,217	211
Income before income taxes .....	26,202	10,213	157	70,525	27,149	160
Income tax expense .....	(6,179)	(157)	3,836	(14,911)	(2,067)	621
Minority interest .....	142	--	--	384	--	--
Net income .....	\$ 20,165	\$ 10,056	101	\$ 55,998	\$ 25,082	123
Earnings per share .....	\$ 0.70	\$ 0.37	89	\$ 2.02	\$ 0.94	115
<b>KEY RATIOS:</b>						
Net interest spread .....	5.98%	4.92%	22%	4.81%	5.83%	(17)%
Net interest margin .....	6.14%	4.34%	41	4.78%	5.23%	(9)
Annualized Return on Average:						
Assets (1) .....	2.77%	1.85%	50	2.71%	1.54%	76
Equity .....	26.47%	24.85%	7	29.86%	22.14%	35
Efficiency Ratio (2) .....	49.27%	42.30%	16	47.45%	43.91%	8
<b>AVERAGE BALANCES:</b>						
Securities available for sale .....	\$ 232,957	\$ 256,926	(9)%	\$ 293,393	\$ 286,935	2%
Loan portfolio .....	412,520	325,830	27	427,749	305,458	40
Discount loan portfolio .....	1,216,417	688,756	77	1,228,267	640,585	92
Total interest-earning assets .....	2,433,422	1,559,942	56	2,311,713	1,563,579	48
Total assets .....	2,913,103	1,943,091	50	2,751,090	1,934,074	42
Deposits .....	2,000,512	1,514,793	32	2,022,407	1,506,836	34
Total interest-bearing liabilities .....	2,371,790	1,701,987	39	2,325,545	1,709,455	36
Total liabilities .....	2,608,333	1,781,213	46	2,501,013	1,783,018	40
Total stockholders' equity .....	304,770	161,878	88	250,077	151,056	66

(1) Includes the Company's pro rata share of average assets held by the joint venture

(2) Before provision for loan losses and SAIF recapitalization assessment, and including equity in earnings of investment in joint venture. Inclusive of the SAIF recapitalization assessment, the efficiency ratios for the three and nine months ended September 30, 1997 would have been 59.46% and 50.59%, respectively.

OCWEN FINANCIAL CORPORATION  
AVERAGE BALANCE / RATE ANALYSIS

Three Months Ended September 30,						
1997			1996			
Average Balance	Interest	Annualized Yield/Rate	Average Balance	Interest	Annualized Yield/Rate	
(Dollars in thousands)						
AVERAGE ASSETS:						
Federal funds sold and repurchase agreements .....	\$ 351,457	\$ 4,997	5.69%	\$ 126,121	\$ 1,742	5.52%
Securities available for sale .	232,957	8,087	13.89	256,926	5,890	9.17
Loans available for sale .....	172,053	4,267	9.92	116,806	2,685	9.19
Investment securities and other .....	48,018	1,333	11.10	45,503	1,073	9.43
Loan portfolio .....	412,520	16,425	15.93	325,830	8,961	11.00
Discount loan portfolio .....	1,216,417	42,370	13.93	688,756	23,794	13.82
Total interest-earning assets, interest income .	2,433,422	77,479	12.74	1,559,942	44,145	11.32
Non-interest earning cash .....	6,061			6,639		
Allowance for loan losses .....	(25,866)			(14,048)		
Investments in low-income- housing tax credit interests.	95,399			100,015		
Investment in joint ventures ..	25,552			62,192		
Real estate owned, net .....	139,143			126,458		
Other assets .....	239,392			101,893		
Total assets .....	\$ 2,913,103			\$1,943,091		
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing demand deposits.....	\$ 34,521	\$ 282	3.27%	\$ 46,444	\$ 334	2.88%
Savings deposits.....	1,933	11	2.28	3,505	20	2.28
Certificates of deposit.....	1,964,058	30,764	6.27	1,464,844	22,434	6.13
Total interest-bearing deposits.....	2,000,512	31,057	6.21	1,514,793	22,788	6.02
Notes, debentures and other....	358,058	8,823	9.86	115,696	3,471	12.00
Securities sold under agreements to repurchase.....	12,664	209	6.60	--	--	--
Federal Home Loan Bank advances.....	556	8	5.76	71,498	958	5.36
Total interest-bearing liabilities, interest expense.....	2,371,790	40,097	6.76	1,701,987	27,217	6.40
Non-interest bearing deposits	37,269			15,966		
Escrow deposits.....	80,840			12,493		
Other liabilities.....	118,434			50,767		
Total liabilities.....	2,608,333			1,781,213		
Stockholders' equity.....	304,770			161,878		
Total liabilities and stockholders' equity....	\$ 2,913,103			\$1,943,091		
Net interest income before provision for loan losses....		\$ 37,382			\$ 16,928	
Net interest spread.....			5.98%			4.92%
Net interest margin .....			6.14			4.34
Ratio of interest earning assets to interest bearing liabilities .....	102.6%			91.7%		

OCWEN FINANCIAL CORPORATION  
AVERAGE BALANCE / RATE ANALYSIS

Nine Months Ended September 30,						
	1997			1996		
	Average Balance	Interest	Annualized Yield/Rate	Average Balance	Interest	Annualized Yield/Rate
(Dollars in thousands)						
AVERAGE ASSETS:						
Federal funds sold and repurchase agreements .....	\$ 182,329	\$ 7,449	5.45%	\$ 90,709	\$ 3,840	5.64%
Securities available for sale .....	293,393	22,770	10.35	286,935	19,954	9.27
Securities held for trading .....	4,393	248	7.53	--	--	--
Loans available for sale .....	142,194	11,091	10.40	198,941	14,169	9.50
Investment securities and other ...	33,388	2,759	11.02	40,951	3,053	9.94
Loan portfolio .....	427,749	37,791	11.78	305,458	26,734	11.67
Discount loan portfolio .....	1,228,267	116,840	12.68	640,585	75,852	15.79
Total interest-earning assets, interest income .....	2,311,713	198,948	11.47	1,563,579	143,602	12.25
Non-interest earning cash .....	9,872			6,461		
Allowance for loan losses .....	(21,274)			(9,554)		
Investments in low-income-housing tax credit interests.....	95,525			92,767		
Investment in joint ventures .....	39,772			39,442		
Real estate owned, net .....	117,966			143,819		
Other assets .....	197,516			97,560		
Total assets .....	\$ 2,751,090			\$1,934,074		
=====						
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing demand deposits .....	\$ 33,940	\$ 1,005	3.95%	\$ 48,073	\$ 785	2.18%
Savings deposits .....	2,197	38	2.31	3,458	60	2.31
Certificates of deposit .....	1,986,270	91,278	6.13	1,455,305	67,389	6.17
Total interest-bearing deposits .....	2,022,407	92,321	6.09	1,506,836	68,234	6.04
Notes, debentures and other .....	276,385	22,686	10.94	115,992	10,344	11.89
Securities sold under agreements to repurchase .....	15,957	686	5.73	15,862	685	5.76
Federal Home Loan Bank advances ...	10,796	436	5.38	70,765	2,990	5.63
Total interest-bearing liabilities, interest expense	2,325,545	116,129	6.66	1,709,455	82,253	6.42
Non-interest bearing deposits .....	26,986			9,352		
Escrow deposits .....	74,853			11,452		
Other liabilities .....	73,629			52,759		
Total liabilities .....	2,501,013			1,783,018		
Stockholders' equity .....	250,077			151,056		
Total liabilities and stockholders' equity .....	\$ 2,751,090			\$1,934,074		
=====						
Net interest income before provision for loan losses .....		\$ 82,819			\$ 61,349	
=====						
Net interest spread .....			4.81%			5.83%
Net interest margin .....			4.78			5.23
Ratio of interest earning assets to interest bearing liabilities .....	99.4%			91.5%		

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	September 30, 1997	December 31, 1996
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Cash and amounts due from depository institutions .....	\$ 15,641	\$ 6,878
Interest bearing deposits .....	7,469	13,341
Federal funds sold and repurchase agreements .....	195,844	32,000
Securities held for trading .....	--	75,606
Securities available for sale, at market value .....	264,723	354,005
Loans available for sale, at lower of cost or market .....	190,012	126,366
Investment securities, net .....	54,042	8,901
Loan portfolio, net .....	392,523	402,582
Discount loan portfolio, net .....	1,471,340	1,060,953
Principal, interest and dividends receivable .....	15,133	16,821
Investments in low income housing tax credit interests .....	92,329	93,309
Investment in joint ventures .....	23,931	67,909
Real estate owned, net .....	149,357	103,704
Investment in real estate .....	57,244	41,033
Premises and equipment, net .....	19,710	14,619
Income taxes receivable .....	20,876	15,115
Deferred tax asset .....	14,649	5,860
Excess of purchase price over net assets acquired .....	10,854	--
Other assets .....	73,623	44,683
	<u>\$ 3,069,300</u>	<u>\$ 2,483,685</u>
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Deposits .....	\$ 1,970,952	\$ 1,919,742
Advances from the Federal Home Loan Bank .....	--	399
Securities sold under agreements to repurchase .....	116,075	74,546
Notes, debentures and other interest bearing obligations .....	368,287	225,573
Accrued expenses, payables and other liabilities .....	69,556	59,829
	<u>2,524,870</u>	<u>2,280,089</u>
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Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company .....	125,000	--
Minority interest .....	1,386	--
Commitments and contingencies		
<b>STOCKHOLDERS' EQUITY:</b>		
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; 30,252,610 and 26,744,170 shares issued and outstanding at September 30, 1997 and December 31, 1996, respectively .....	303	267
Additional paid-in capital .....	165,092	23,258
Retained earnings .....	236,415	180,417
Unrealized gain on securities available for sale and equity securities, net of taxes .....	17,933	3,486
Notes receivable on exercise of common stock options .....	(1,699)	(3,832)
	<u>418,044</u>	<u>203,596</u>
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Total stockholders' equity .....	<u>\$ 3,069,300</u>	<u>\$ 2,483,685</u>
	=====	=====

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)  
(UNAUDITED)

For the periods ended September 30,	Three Months		Nine months	
	1997	1996	1997	1996
<b>Interest income:</b>				
Federal funds sold and repurchase agreements .....	\$ 4,997	\$ 1,742	\$ 7,449	\$ 3,840
Securities available for sale .....	8,087	5,890	22,770	19,954
Securities held for trading .....	--	--	248	--
Loans available for sale .....	4,267	2,685	11,091	14,169
Loans .....	16,425	8,961	37,791	26,734
Discount loans .....	42,370	23,794	116,840	75,852
Investment securities and other .....	1,333	1,073	2,759	3,053
	77,479	44,145	198,948	143,602
<b>Interest expense:</b>				
Deposits .....	31,057	22,788	92,321	68,234
Securities sold under agreements to repurchase .....	209	--	686	685
Advances from the Federal Home Loan Bank .....	8	958	436	2,990
Notes, debentures and other interest bearing obligations .....	8,823	3,471	22,686	10,344
	40,097	27,217	116,129	82,253
Net interest income before provision for loan losses ..	37,382	16,928	82,819	61,349
Provision for loan losses .....	4,088	4,469	21,739	18,839
Net interest income after provision for loan losses ...	33,294	12,459	61,080	42,510
<b>Non-interest income:</b>				
Servicing fees and other charges .....	7,321	1,158	17,402	1,945
Gains on sales of interest earning assets, net .....	5,999	7,979	46,142	17,580
Gain on real estate owned, net .....	4,793	5,495	8,628	4,467
Other income .....	7,318	514	7,898	2,515
	25,431	15,146	80,070	26,507
<b>Non-interest expense:</b>				
Compensation and employee benefits .....	20,471	8,431	55,069	23,170
Occupancy and equipment .....	5,029	2,151	11,818	6,378
Net operating loss (income) on investments in real estate and certain low-income housing tax credit interests ....	622	(161)	1,819	(99)
Savings Association Insurance Fund recapitalization assessment .....	--	7,140	--	7,140
Other operating expenses .....	5,097	3,970	16,289	10,496
	31,219	21,531	84,995	47,085
Distributions on Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company .....	1,850	--	1,850	--
Equity in earnings of investment in joint ventures .....	546	4,139	16,220	5,217
Income before income taxes .....	26,202	10,213	70,525	27,149
Income tax expense .....	(6,179)	(157)	(14,911)	(2,067)
Minority interest in net loss of consolidated subsidiary ....	142	--	384	--
Net income .....	\$ 20,165	\$ 10,056	\$ 55,998	\$ 25,082
<b>Earnings per share:</b>				
Net income .....	\$ 0.70	\$ 0.37	\$ 2.02	\$ 0.94
Weighted average common shares outstanding .....	28,874,979	26,945,303	27,670,702	26,596,212