



F R I E D M A N B I L L I N G S R A M S E Y

FIRST QUARTER 2002 EARNINGS PRESENTATION

May 2, 2002



2002
M A Y



Statements concerning future performance, developments, events, market forecasts, earnings models, earnings, revenues, expenses, run rates and any other guidance on present or future periods, constitute forward-looking statements that are subject to a number of factors, risks and uncertainties that might cause actual results to differ materially from those expressed in the forward looking information. These factors include, but are not limited to, the effect of demand for public offerings, activity in the secondary securities markets, the high degree of risk associated with technology and other venture capital investments, changes in interest rates, competition for business and personnel, and general economic, political and market conditions. These and other risks are described in the company's Annual Report on Form 10-K that is available from the company and from the SEC.

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FBR Group Overview

As of March 31, 2002

- Institutional research capital markets company (NYSE: FBR)
- 441 full-time employees in 14 offices
- 6 focused industry verticals (Financial Services, Real Estate, Technology, Energy, Diversified Industries, Healthcare)
- Top 10 lead-managing equity underwriter
- Strong balance sheet:
 - Total assets of \$284.5 million and shareholders' equity of \$192.6 million—\$4.25 per share (\$4.37 assuming repayment of loans under the Employee Stock Purchase and Loan program).
 - Combined FBR Group and FBR Asset Investment Corporation (NYSE: FB) equity of more than \$600 million
- 3 profit centers driven by research:
 - Institutional brokerage sales and trading
 - Investment banking
 - Asset management, including FBR Asset Investment Corporation

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Business Overview

Research	Institutional Sales & Trading	Investment Banking	Asset Management	Private Client Group
<p>60 analysts</p> <p>Over 350 companies under coverage</p> <ul style="list-style-type: none">• Independence• In-depth company analysis• Theme-driven industry coverage• Daily meetings with sales force• Frequent management roadshows• Annual investor conferences	<p>50 Institutional Brokers</p> <p>27 Traders & Sales Traders</p> <p>Market-maker in over 440 equity and debt securities</p> <ul style="list-style-type: none">• Covering over 1,000 institutional accounts• Mutual funds• Hedge funds• Money managers• Pension funds	<p>75 investment bankers</p> <p>6 focused industry sectors</p> <ul style="list-style-type: none">• Financial Services• Real Estate• Technology• Energy• Diversified Industries• Healthcare <p>Top 10 lead-managing underwriter</p>	<p>More than \$5 billion as of April 30, 2002</p> <ul style="list-style-type: none">• FBR Asset Investment Corporation (NYSE: FB)• Mutual funds• Hedge funds• Private equity• Venture capital	<p>Investment services for high net worth individuals, foundations, and endowments</p> <ul style="list-style-type: none">• Investment management• Restricted (144) stock sales• Credit lines• Hedging and monetization• Employee stock option management• Cash management• FBR National Bank & Trust¹

All numbers approximate as of April 30, 2002 unless otherwise stated.

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First Quarter 2002 Financial Highlights

- Earnings of \$10.3 million or \$0.23 per share
- Revenues up 142% over first quarter 2001, \$54.4 million
 - Institutional brokerage revenues up 26% at \$15.8 million
 - Investment banking revenues up 142% at \$24.0 million
 - Asset management revenues up 183% at \$13.8 million
 - Venture capital losses down 78% at \$(1.1) million
 - Expense containment
- Gross assets under management up 54% at \$4.3 billion
- Top 10 lead managing underwriter by dollar volume raised for mid-market issuers (market-cap less than \$1 billion)
- #1 lead managing underwriter by weighted aftermarket performance through 4/30/02, with performance of 33.54% year-to-date (vs. industry average of 7.19%)

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Drivers of FBR's Business and Revenue Growth

- High-quality, objective and timely research
- Increasing business with the largest institutional investors in the United States and Europe
- In-depth focus on industry verticals and mid-market focus
- Growing assets under management



Research

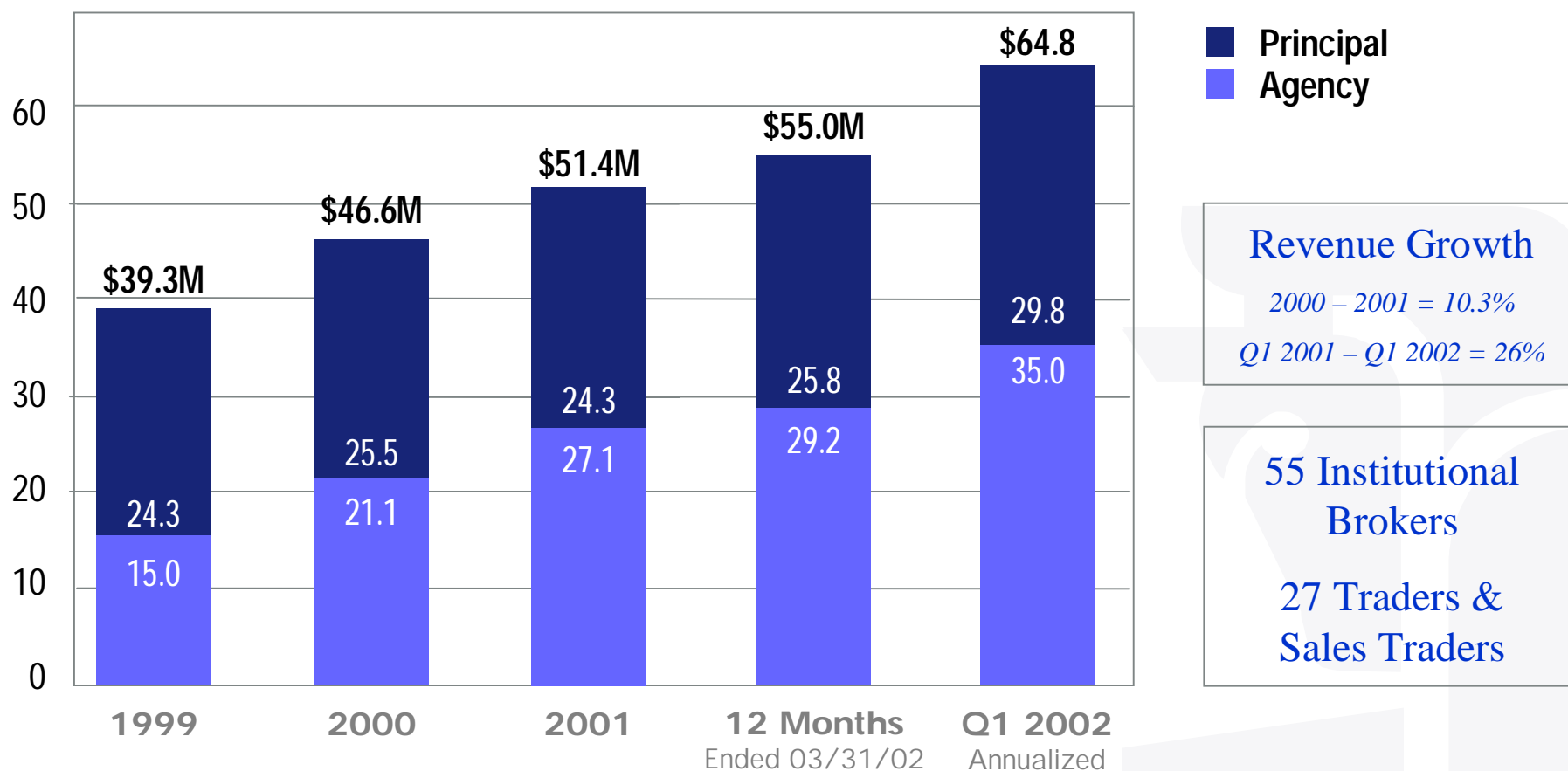
Financial Services	Real Estate	Technology	Energy	Diversified Industries / High Yield	Healthcare
<ul style="list-style-type: none">• Asset Managers• Brokers• Community Banks• Government Sponsored Enterprises (GSEs)• Insurance• Money Center Banks• Mortgage Bankers• Mortgage Companies• Regional Banks• Specialty Finance• Thrifts	<ul style="list-style-type: none">• Apartment• Lodging• Mortgage• Office/Industrial• Triple-Net Lease	<ul style="list-style-type: none">• Communication Infrastructure• Communication Semiconductors & Intellectual Property• Display & Semiconductor Technologies• Enterprise Platform & Application Software• Enterprise Services• Media Infrastructure• Network Software• Telecom Equipment & Services	<ul style="list-style-type: none">• Coal• Exploration & Production (E&P)• Integrated Oil & Refineries• Pipelines	<ul style="list-style-type: none">• Consumer Products• Debt, Equity and Distressed Securities• High Yield• Special Situations	<ul style="list-style-type: none">• Genomics & Proteomics• Specialty Pharmaceuticals

Over 350 companies under coverage.

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Sales & Trading Revenue Growth



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Excludes trading gains and losses.



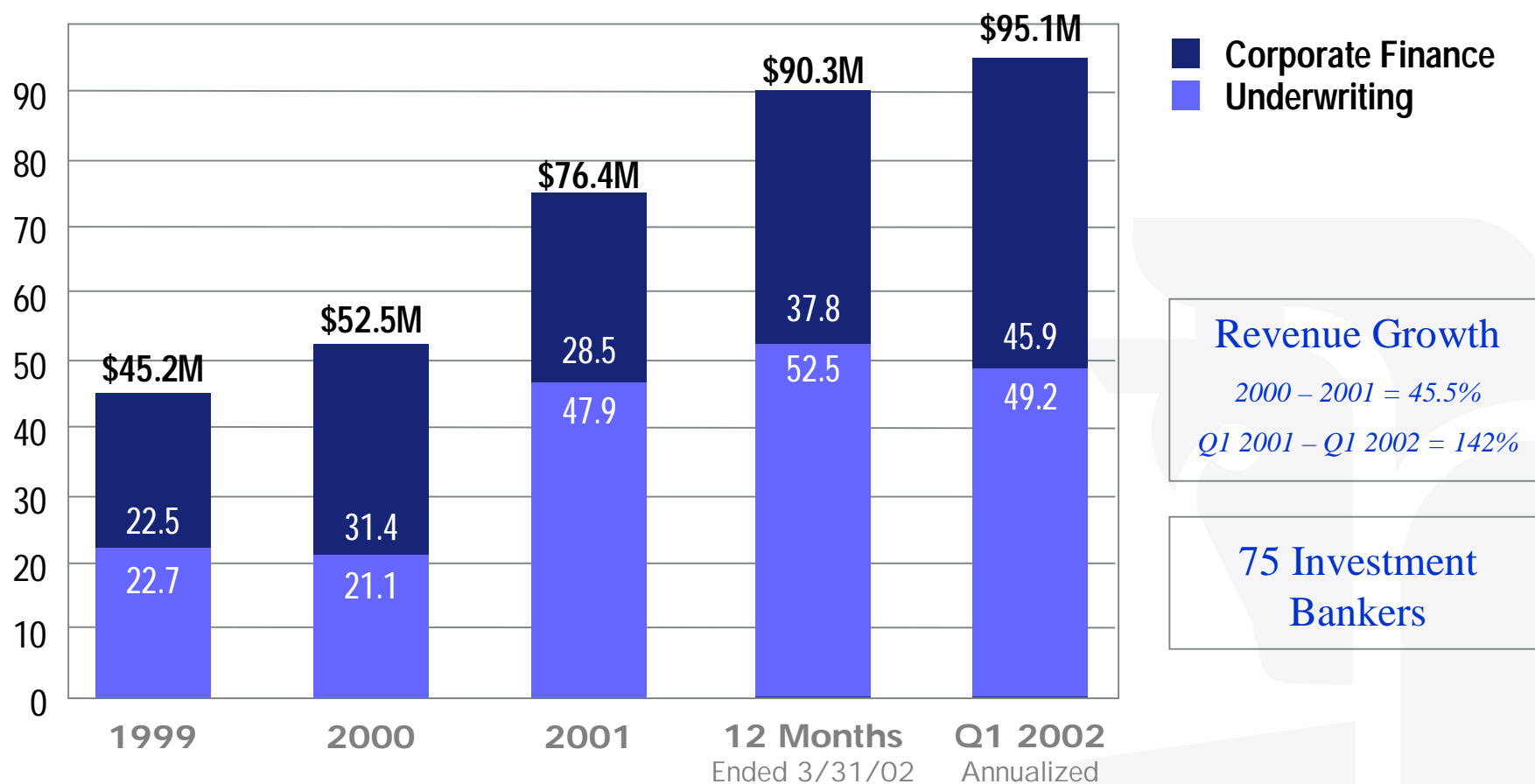
Investment Banking

2001	Q1 2002
<ul style="list-style-type: none">• 50 capital markets assignments• \$2.7 billion in transaction value• 29 capital raising transactions<ul style="list-style-type: none">▪ 1 lead-managed IPO▪ 15 lead-managed secondaries▪ 9 co-managed secondaries▪ 4 sole-managed private placements / PIPEs• 22 M&A and advisory assignments<ul style="list-style-type: none">▪ \$426 million* of transaction value	<ul style="list-style-type: none">• 20 capital markets assignments• \$1.8 billion in transaction value• 11 capital raising transactions<ul style="list-style-type: none">▪ 1 co-managed IPO▪ 6 lead-managed secondaries▪ 3 co-managed secondaries▪ 1 sole-managed private placement• 9 M&A and advisory assignments<ul style="list-style-type: none">▪ \$599 million* of transaction value

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Investment Banking Revenue Growth



F R I E D M A N B I L L I N G S R A M S E Y

Excludes investment gains.



Investment Banking

Aftermarket Performance Across All Industries

January 1, 2001 through May 1, 2002
Aggregate Deal Value Over \$150 Million

Criteria:

Lead Managed

*Secondary and IPO
equity transactions*

*Pricing date:
01/01/01–04/30/02*

*Performance from
pricing through 04/30/02*

Performance does not include
dividends

Lead Manager	# of Deals	% Change Offer to Current
1 Friedman, Billings, Ramsey	23	33.54
2 Robert W. Baird & Co. Incorporated	3	32.32
3 Jolson Merchant Partners	4	22.11
4 Raymond James	10	18.28
5 Deutsche Bank Securities	19	16.94
6 William Blair & Company	3	16.47
7 Bear, Stearns & Co.	20	14.30
8 Wachovia Securities	8	12.99
9 Needham & Company, Inc.	4	9.59
10 SG Cowen Securities Corporation	5	8.82
11 Robertson Stephens	13	7.49
12 A.G. Edwards & Sons, Inc.	9	7.42
13 Merrill Lynch & Co.	92	7.25
14 Credit Suisse First Boston	89	6.59
15 Salomon Smith Barney Inc.	99	6.24
16 UBS Warburg LLC	50	4.61
17 Jeffries & Company, Inc.	6	2.97
18 U.S. Bancorp Piper Jaffray Inc.	14	2.56
19 Morgan Stanley	38	0.93
20 J.P. Morgan Securities Inc.	29	0.23
21 Banc of America Securities	20	-0.99
22 Goldman, Sachs & Co.	57	-3.05
23 Lehman Brothers	43	-5.90
24 CIBC World Markets	11	-10.96
25 Thomas Weisel Partners L.L.C.	3	-30.88
Total: 672		Average: 7.19

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Source: CommScan LLC



Asset Management

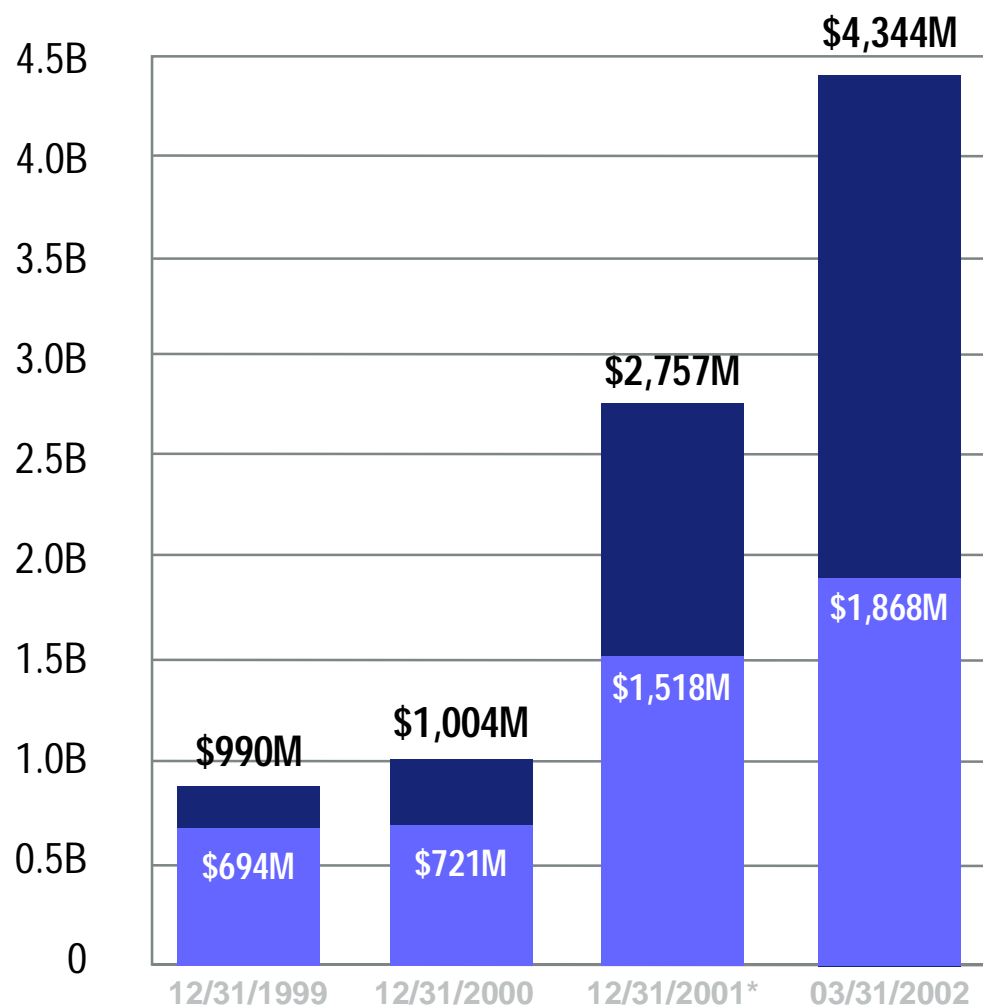
Alternative Assets	FBR Asset and other managed accounts	Mutual Funds
<p>More than \$300 million</p> <p>Hedge Funds:</p> <ul style="list-style-type: none">• FBR Ashton• FBR Weston• FBR Arbitrage• FBR Biotech• FBR Pegasus (fund of funds) <p>Venture Capital:</p> <ul style="list-style-type: none">• FBR Technology Venture Partners I & II• FBR Co-Motion• ETP/FBR Genomic I & II• FBR Infinity II <p>Private Equity:</p> <ul style="list-style-type: none">• FBR Private Equity Fund• FBR Future Financial Fund• FBR Financial Services Partners	<p>More than \$2.7 billion</p> <p>FBR Asset Investment Corporation</p> <ul style="list-style-type: none">• NYSE: FB• REIT Tax Status• Mortgage Backed Securities• Mezzanine or Senior Loans• Equity Securities <p>Private Client Group</p> <ul style="list-style-type: none">• Asset Allocation and other Managed Accounts• Investment Management• Wealth Planning• Access to FBR Proprietary Products	<p>More than \$1.3 billion</p> <p>Equity funds, Morningstar Rated™, 4 & 5 Stars over 3 & 5 years ended 12/31/01*:</p> <ul style="list-style-type: none">• FBR Small Cap Financial ★★★★★• FBR Financial Services ★★★★★• FBR Small Cap Value ★★★★★• American Gas Index ★★★★★ <p>Our newest fund (02/02):</p> <ul style="list-style-type: none">• FBR Technology Fund <p>Fixed income and money market funds:</p> <ul style="list-style-type: none">• Fund for Government Investors (Money Market)• Rushmore Fund for Tax-Free Investors (VA, MD and Money Market)• The Rushmore Fund (Bond Fund)

All numbers approximate as of April 30, 2002. Stated asset amounts represent total gross assets under management.

F R I E D M A N B I L L I N G S R A M S E Y



Assets Under Management



Net assets under management#

Net assets under management represents total gross assets under management, net of any repo debt, margin loans, securities sold but not yet purchased, lines of credit, and any other liabilities.

AUM Growth

12/31/2001 – 03/31/2002 = 57%

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*Includes technology sector assets of \$71.0M (\$64.9M net).



Equity Mutual Funds

More than \$1.3 billion under management in 10 equity, fixed income and money market mutual funds.

	Overall Morningstar Rating™ (among 4,811 domestic equity funds)	Q4'01	1-Year	3-Years	5-Years*	10-Years
Small Cap Value (FBRVX) ¹	★ ★ ★ ★ ★	18.23%	32.63%	13.11%	15.05%	n/a
Small Cap Financial (FBRSX) ²	★ ★ ★ ★ ★	4.93%	23.85%	15.76%	16.23%	n/a
Financial Services (FBRFX) ²	★ ★ ★ ★	2.77%	-1.72%	6.48%	13.06%	n/a
American Gas Index Fund (GASFX) ³	★ ★ ★ ★	3.34%	-14.78%	8.55%	10.83%	11.94%

*The FBR Funds commenced operations on 12/31/96. The American Gas Index Fund commenced operations on 05/10/89

TOTAL RETURNS REPRESENT PAST PERFORMANCE, WHICH IS NO GUARANTEE OF FUTURE RESULTS. Please read the prospectus carefully before you invest or send money. Investment return and principal will fluctuate so that investor's shares when redeemed, may be worth more or less than their original value. FBR Funds are NOT FDIC insured and not bank guaranteed. All results assume reinvestment of distributions. FBR Fund Advisors, Inc. and FBR Investment Services Inc., member NASD/SIPC, each a subsidiary of Friedman, Billings Ramsey Group Inc., serve as advisor to, and distributor of the FBR Funds respectively. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ metric each month by subtracting the return on a 90-day U.S. Treasury Bill from the fund's load-adjusted return for the same period, and then adjusting this excess return for risk. The top 10% of funds in each broad asset class receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar metrics. Both the FBR Small Cap Value and Small Cap Financial Funds received 5 stars for the 3- and 5-year periods and were rated among 4811 and 3160 domestic equity funds. The FBR Financial Services fund received 4 stars for the 3- and 5-year periods and was rated among 4811 and 3160 domestic equity funds. The American Gas Index Fund received 4 stars for the 3- and 5-year periods and 3 stars for the prior 10 years and was rated among 4811, 3160 and 895 domestic equity funds respectively.

¹The non-diversified nature of the fund may subject investors to greater volatility than other diversified funds. Small capitalization stocks as a group may not respond to market rallies or downturns as much as other types of equity securities.

²Fund investments are focused on the financial services industry, which may be adversely affected by regulatory or other market conditions, such as rising interest rates. Small capitalization stocks as a group may not respond to market rallies or downturns as much as other types of equity securities.

³The gas industry is sensitive to increased interest rates because of the capital-intensive nature of the industry. Typically, a significant portion of the financing of the gas industry's assets is obtained through debt. As interest rates increase, such refinanced debt would be acquired at higher-rates thereby adversely affecting earnings.

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Fixed Income Mutual Funds

	Q1 2002	1-Year	3-Years	5-Years	10-Years
Fund for Government Investors (RSGVX)¹	0.27%	2.29%	3.94%	4.10%	3.90%
Tax-Free Money Market Portfolio (FFTXX)^{1,2}	0.26%	1.63%	2.48%	2.60%	2.47%
Maryland Tax-Free Portfolio (RSXLX)^{1,2}	0.93%	3.57%	3.87%	5.26%	5.67%
Virginia Tax-Free Portfolio (RSXIX)^{1,2}	0.98%	2.92%	3.69%	5.21%	5.70%
U.S. Government Bond Portfolio (FUSXX)	1.84%	4.29%	5.79%	8.50%	7.92%

TOTAL RETURNS REPRESENT PAST PERFORMANCE, WHICH IS NO GUARANTEE OF FUTURE RESULTS. Investment return and principal will fluctuate so that investor's shares when redeemed, may be worth more or less than their original value. All results assume reinvestment of distributions.

¹Investment in the money market funds are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value at \$1 per share, it is possible to lose money by investing in the funds.

²Some income earned in the tax-free portfolios may be subject to the federal alternative minimum tax. Income earned by non-Maryland or non-Virginian residents will be subject to applicable state and local taxes.

For more complete information about the FBR Money Market Portfolios, including fees and expenses, call 1.800.622.1386 for a free prospectus. Please read the prospectus carefully before you invest or send money. FBR Money Market Portfolios are distributed by FBR Investment Services, Inc., member NASD/SIPC.

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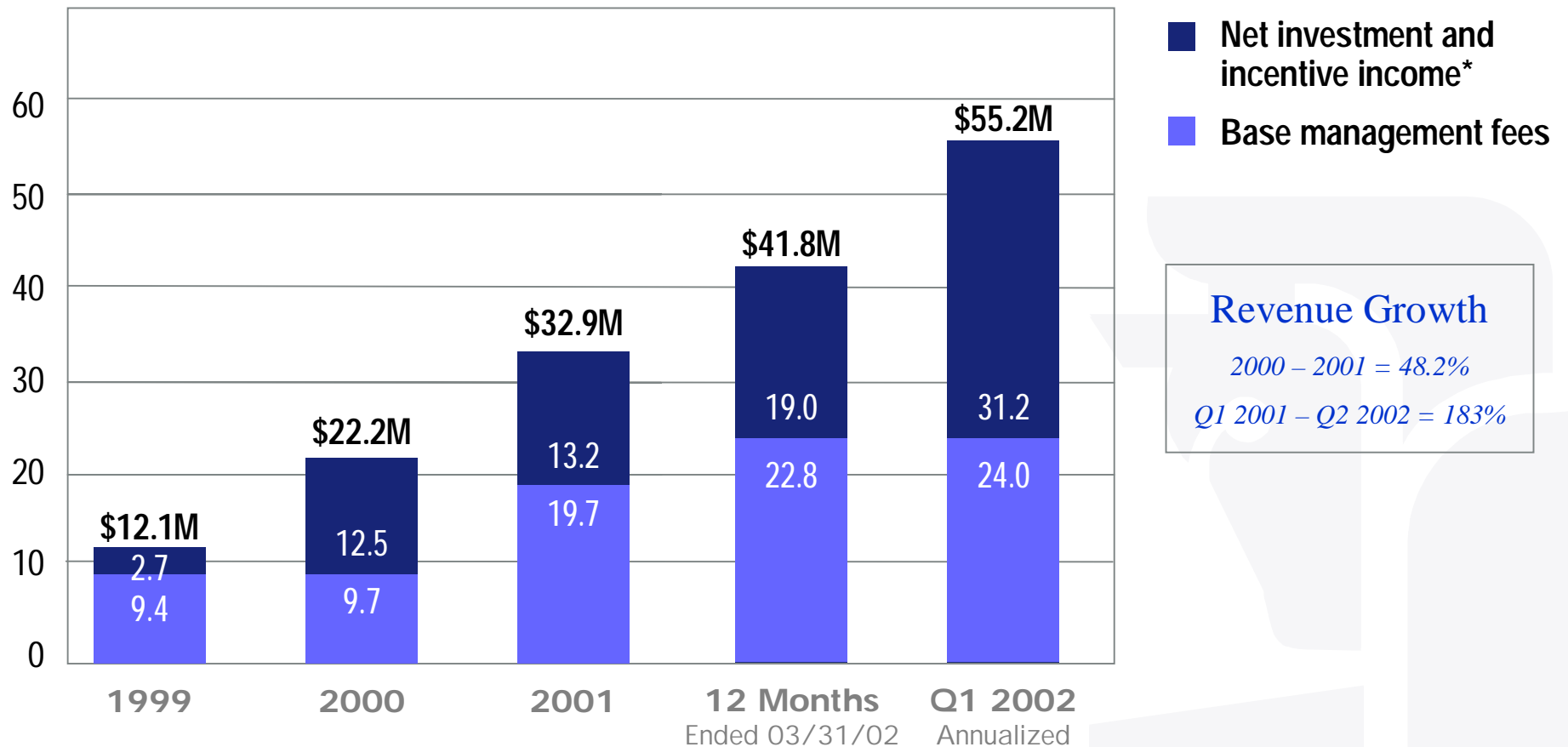
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Asset Management Revenue Growth



*Excludes technology sector net investment and incentive gain or loss of \$36.4M, \$41.6M, \$(18.1)M and \$(1.1)M or \$(4.4)M annualized for 1999, 2000, 2001, and Q1 2002 respectively.

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Friedman Billings Ramsey Group, Inc.

Washington, D.C. Headquarters

1001 Nineteenth Street North

Arlington, Virginia 22209

Tel: 703.312.9500

Fax: 703.312.9501

Atlanta

3475 Lennox Road, Suite 400

Atlanta, Georgia 30326

866.249.4640

Bethesda

4922 Fairmont Avenue

Bethesda, Maryland 20814

301.657.1500

Boston

101 Federal Street, Suite 2130

Boston, Massachusetts 02110

617.439.9550

Charlotte

100 N. Tryon Street, 51st Floor

Charlotte, North Carolina 28202

704.348.2631

Cleveland

3201 Enterprise Parkway, Suite 320

Cleveland, Ohio 44122

216.593.7000

Dallas

200 Crescent Court, Suite 520

Dallas, Texas 75201

214.559.7172

Denver

1200 17th Street, Suite 950

Denver, Colorado 80202

303.534.6060

Irvine (Los Angeles)

18101 Von Karman Avenue, Suite 1000

Irvine, California 92612

949.477.3100

New York

330 Madison Avenue, Suite 900

New York, New York 10017

646.495.5239

Portland

208 SW First Avenue, Suite 300

Portland, Oregon 97204

503.221.0200

Seattle

1111 Third Avenue, Suite 2400

Seattle, Washington 98104

206.382.9191

Austria

Millenium Tower - 23rd floor

Handelskai 94-96

A-1201 Vienna

43.1.240.27250

London

9-11 Grosvenor Gardens

London SW1W 0BD

44.207.663.9100

www.fbr.com

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NOTE: Not all services are available from all offices.



Why is FBR Unique?

We believe that FBR occupies a unique position in the capital markets. We are neither Wall Street nor regional; neither bulge bracket nor boutique.

Our research, institutional brokerage and investment banking services have placed us, with the Wall Street bulge bracket, among the top 10 lead-managed equity underwriters* and among the leading research-driven national brokerages, in the United States.

Yet, like a boutique, we achieve success through knowing our industries extremely well. This proprietary thought process enables us to provide independent research and investment ideas and to provide creative capital to issuers. We focus across research, brokerage, investment banking and asset management on six industry sectors: financial services, real estate, technology, energy, healthcare and diversified industries. Our research analysts write on or have detailed knowledge and understanding of the S&P 500 issuers in their respective spaces, as well as small- and mid-cap names.

Our process combines our deep understanding of individual businesses in the context of their industries, with our significant experience in the capital markets. This, along with our broad institutional distribution, has enabled us to raise billions of dollars of capital as a lead-managing underwriter, including transactions in excess of \$500 million in size.

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