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

THE WALL STREET ANALYST FORUM
Presentation

September 17, 2003

2003
SEPTEMBER

All information as of June 30, 2003 unless indicated.

FBR

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For additional important information, please visit our website, www.fbr.com.

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This presentation and the information incorporated by reference in this presentation include 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. Some of the forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "plans," "estimates" or "anticipates" or the negative of those words or other comparable terminology. Statements concerning projections, future performance developments, events, revenues, expenses, earnings, run rates, and any other guidance on present or future periods constitute forward-looking statements. Such statements include, but are not limited to, those relating to the effects of growth, revenues and earnings, our principal investing activities, levels of assets under management and our current equity capital levels. Forward-looking statements involve risks and uncertainties. You should be aware that a number of important factors could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, the overall environment for interest rates, repayment speeds within the mortgage backed securities market, risk associated with equity investments, the demand for public offerings, activity in the secondary securities markets, competition among financial services firms for business and personnel, the high degree of risk associated with venture capital investments, the effect of demand for public offerings, mutual fund and 401(k) pension plan inflows or outflows in the securities markets, volatility of the securities markets, available technologies, the effect of government regulation and of general economic conditions on our own business and on the business in the industry areas on which we focus, fluctuating quarterly operating results, the availability of capital to us and risks related to online commerce. We will not necessarily update the information presented or incorporated by reference in this presentation if any of these forward looking statements turn out to be inaccurate. Risks affecting our business are described throughout our Form 10-K, especially in the section entitled "Risk Factors" beginning on page 29. The entire Form 10-K, including the Consolidated Financial Statements and the notes and any other documents incorporated by reference into the Form 10-K, as well as, the Forms 10Q and 8-K filed subsequent to the forms 10K, should be read for a complete understanding of our business and the risks associated with that business.

[1]Member FDIC and an equal housing lender. Products offered by other FBR subsidiaries are not FDIC insured, not offered, guaranteed or endorsed by FBR National Bank & Trust, and may lose value.

FBR

FBR is a National Investment Bank

- Listed on the New York Stock Exchange (NYSE: FBR). Market cap more than $2 billion
- Equity greater than $1.0 billion
- Approximately 500 full-time employees in 15 offices
- Diversified Business Model:

5 Profit Centers:
- Investment banking
- Institutional brokerage sales and trading
- Asset management & private client services
- Principal Investments in MBS
- Merchant Banking

6 Industry Expertise:
- Financial Services
- Real Estate
- Technology
- Healthcare
- Energy
- Diversified Industries

2nd Quarter 2003 Financial Highlights

- Record financial results
  - Earnings of $58.8 million or $0.43 per share
  - Revenues of $148.4 million
  - Net Revenues of $128.7 million
- Growth
  - Continued growth in operating revenues
  - Continued growth of assets under management.
  - MBS portfolio growth

Q2 Growth

Capital Markets
- Investment banking revenues up 17% over Q2 2002
- Brokerage revenues up 7% over Q2 2002

Principal Investment
- MBS $8.1 billion at June 30, 2003
- Merchant banking and other $235 million at June 30, 2003

Asset Management
- Net assets under management up 16% over March 31, 2003

FBR Group
Corporate Organizational Chart

- **Friedman, Billings, Ramsey Group, Inc. (NYSE: FBR)** — **REIT Election**
  - FBR TRS Holdings, Inc. (Consolidated Taxpayer)
    - FBR Bancorp, Inc.
      - FBR National Bank & Trust
        - Money Management Advisers, Inc.
    - FBR Capital Markets Holdings, Inc.
      - Friedman, Billings, Ramsey International, Ltd.
      - Friedman, Billings, Ramsey & Co., Inc.
      - FBR Investment Services, Inc.
    - FBR Asset Management Holdings, Inc.
      - FBR Fund Advisers, Inc.
      - FBR Investment Management, Inc.

Principal Investing:
MBS and merchant banking

Capital Markets
Asset Management

Primary Earnings Drivers

MBS Portfolio	
Unlevered Asset Yield	3.25%
Cost of Funds	1.26%
Spread	1.99%
ROE, Gross (Assumed Leverage @ 10x)	23.15%

Capital Markets[1]	
Annual Breakeven Revenue	$115-125M
Marginal Pre-Tax Margin	40%
Marginal After-Tax Margin	25%

FRIEDMAN BILLINGS RAMSEY

(1) Includes Investment Banking, Sales & Trading and Research

Business Overview

Taxable Subsidiaries (TRSs) (3 Profit Centers and Research)				REIT Principal Activities (2 Profit Centers)	
Research	**Institutional Sales & Trading**	**Investment Banking**	**Asset Management**	**Mortgage Backed Securities**	**Merchant Banking**
36 Senior Analysts Department total 85 Approximately 400 companies under coverage • Independence • In-depth company analysis • Theme-driven industry coverage • Daily morning note • Daily meetings with sales force • Up-to-date economic and policy news • Frequent management roadshows • Annual investor conferences	54 Institutional Brokers; 32 Traders and Sales Traders Market-maker in over 500 equity and debt securities Cover over 1,000 institutions • Mutual funds • Hedge funds • Money managers • Pension funds	92 Investment Banking personnel 6 focused industry sectors • Financial Institutions • Real Estate • Technology • Healthcare • Energy • Diversified Industrials Top 10 lead-managing equity underwriter* 1H 2003: • 24 transactions with $2.3B in total transaction value • 6 lead and sole managed public /private transactions • 11 M&A and advisory assignments	Private equity Hedge funds Venture capital Equity mutual funds Fixed income mutual funds Tax-exempt funds Money market funds Private client group • Restricted 144A stock sales • Financial planning / trust & estate services • Credit lines • Hedging & monetization • Employee stock option management • Cash management	Assets approximately $8.0 billion, as of June 30, 2003 • AAA rated securities — guaranteed by Freddie Mac, Fannie Mae or Ginnie Mae • Low effective duration of 1 to 2 years: limits price risk • Leverage target 6-11x within mortgage portfolio	Approximately $164 million of invested capital as of June 30, 2003 Non-levered portfolio • Preferred and common equity • Senior secured and mezzanine loans • Interest in proprietary funds • Direct assets

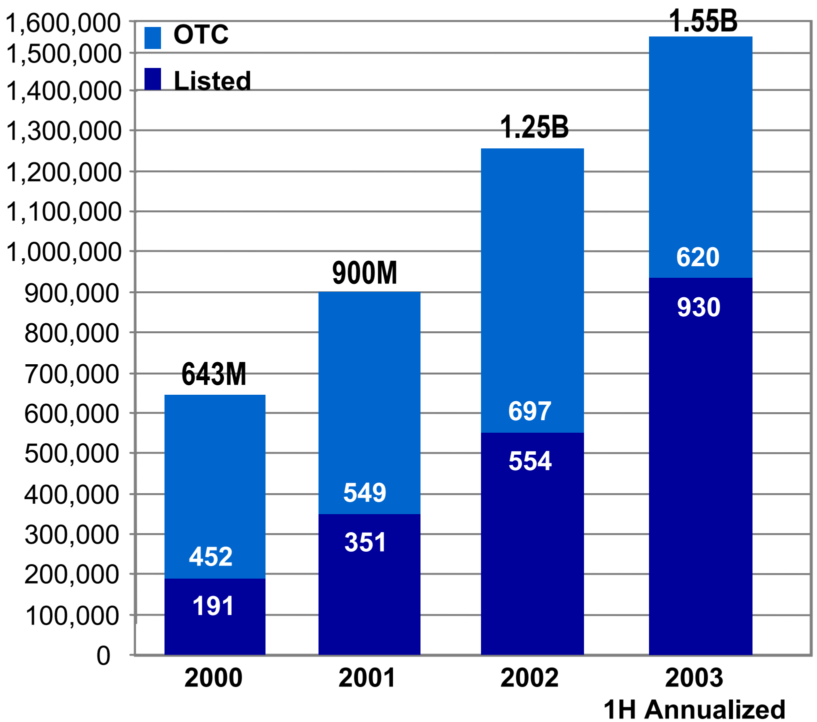
FRIEDMAN BILLINGS RAMSEY

Research is provided by FBR & Co.'s Research department, which is independent from the Investment Banking department of FBR & Co., and has the sole authority to determine which companies receive research coverage and the recommendation contained in the coverage. In the normal course of its business, FBR & Co. seeks to perform investment banking and other fee generating services for companies that are the subject of FBR & Co. research reports. Research analysts are eligible to receive bonus compensation that is based on FBR & Co.'s overall operating revenues, including revenues generated by FBR & Co.'s investment banking department. Specific information is contained in each research report concerning FBR& Co.'s relationship with the company that is the subject of the report.

* See page 18

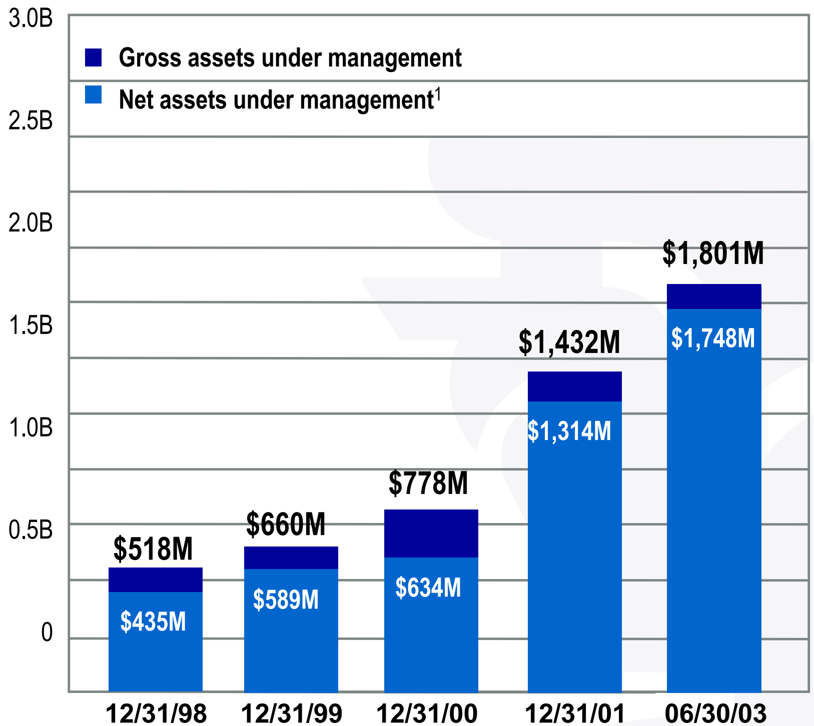
Growth

Sales & Trading



Customer Trading Volumes 2000 – 2003

Asset Management



AUM Growth

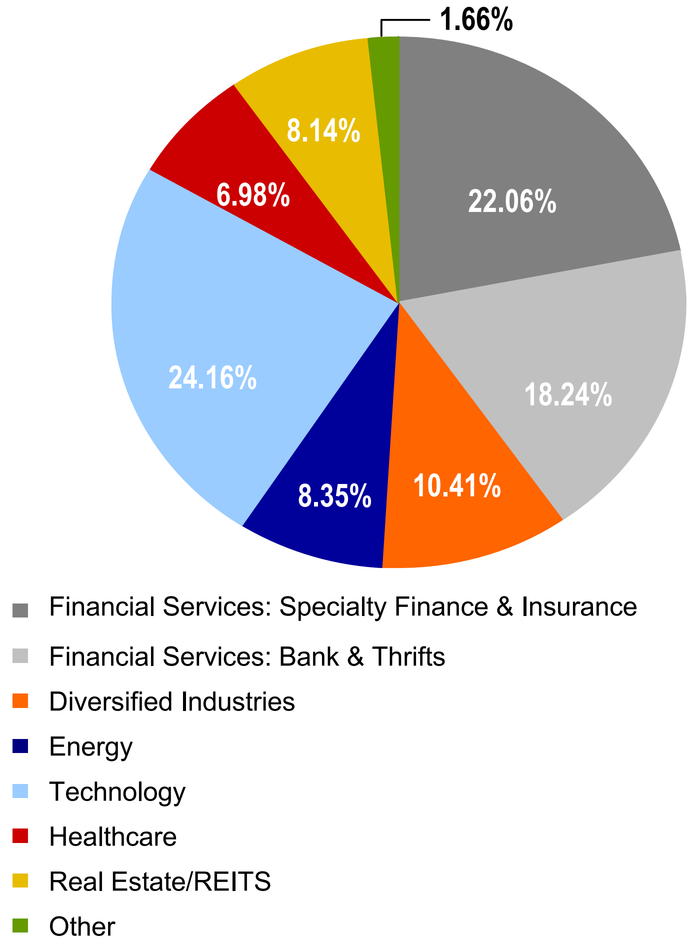
F R I E D M A N B I L L I N G S R A M S E Y

Source: Company data; in number of shares traded

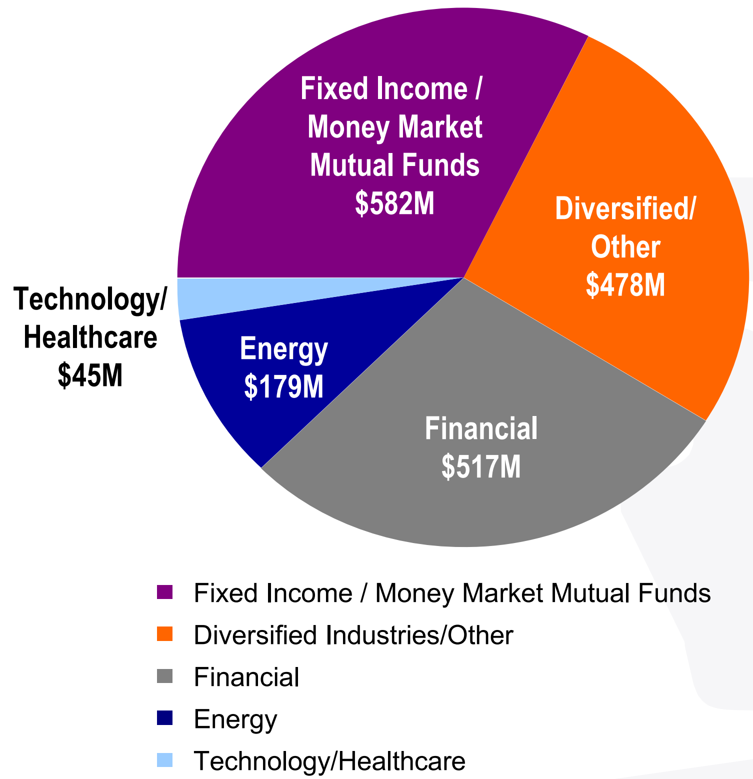
[1]Net assets under management represents total gross assets under management, net of any repo debt, margin loans, securities sold but not yet purchased, lines of credit, and any other liabilities. Excludes FBR Asset

Diversification

Sales & Trading
6 months ended 6/30/03



Asset Management
As of 6/30/03



*As of 06/30/03; excludes FBR Asset

FBR

Rankings

Investment Banking — 2003 YTD 6/30/03 Rankings by Dollar Amount Raised in Public Offerings

Issuer Mkt Cap under $2B — All Industries
1/01/03 – 6/30/03
IPOs and Secondaries

Lead Manager	# of Deals	Total Amt Raised
Credit Suisse First Boston	15	$ 3,100.14
Morgan Stanley	14	2,054.50
Banc of America Securities	8	1,893.35
Citigroup Global Markets Inc	12	1,754.34
JP Morgan Securities Inc	10	1,738.17
UBS Securities	14	1,443.80
Goldman, Sachs & Co	11	1,426.07
Merrill Lynch & Co	11	1,390.24
Lehman Brothers	10	1,086.91
Friedman Billings Ramsey	**5**	**1,049.60***
Bear, Stearns & Co	6	662.06
RBC Capital Markets	5	623.85
Sandler O'Neil & Partners LP	1	596.00
CIBC World Markets	3	529.90
Wachovia Securities Inc	5	478.07
Ryan, Beck & Co	3	319.08
Duetsche Bank Securities	6	314.30
Thomas Weisel Partners LLC	3	175.73
SG Cowen Securities Corp	2	157.25
AG Edwards & Sons Inc	2	122.27
	146	**$20,915.63**

All Market Caps— All Industries
1/01/03 – 6/30/03
IPOs and Secondaries

Lead Manager	# of Deals	Total Amt Raised
Citigroup Global Markets Inc	20	$7,416.25
Merrill Lynch & Co	20	6,714.07
Goldman, Sachs & Co	21	6,022.78
J.P Morgan Securities Inc	18	5,281.57
Credit Suisse First Boston	19	4,748.55
Morgan Stanley	21	4,612.80
Banc of America Securities	13	3,816.10
Lehman Brothers	17	3,459.39
UBS Securities	18	2,255.48
Bear, Stearns & Co	8	1,428.24
Deutsche Bank Securities	8	1,069.06
Friedman Billings Ramsey	**5**	**1,049.60***
CIBC World Markets	4	718.53
Wachovia Securities Inc	6	666.70
RBC Capital Markets	5	623.85
Sandler O'Neil & Partners LP	1	596.00
Ryan, Beck & Co	3	319.08
SunTrust Robinson Humphrey	2	236.99
TD Securities Inc	1	181.17
Scotia Capital	1	181.17
	211	**$51,397.38**

All Market Caps— All Industries
1/01/03 – 6/30/03
IPOs Only

Lead Manager	# of Deals	Total Amt Raised
Credit Suisse First Boston	2	$995.79
Friedman Billings Ramsey	**2**	**888.74***
Banc of America Securities	1	804.28
Citigroup Global Markets Inc	1	797.74
Sandler O'Neil & Partners LP	1	596.00
Merrill Lynch & Co	2	418.85
J.P Morgan Securities Inc	1	220.80
Goldman, Sachs & Co	1	220.80
Morgan Stanley	1	96.60
Bear, Stearns & Co	1	90.00
Gunn Allen Financial Inc	1	10.00
Advest Inc	1	9.00
	15	**$5,148.60**

Source: CommScan, LLC

***In addition, FBR raised more than $150 million in 144A Institutional Equity Placements.**

Data $ millions, IPOs and Secondaries Only, Excludes closed end funds Lead managed. All deals included, no minimum.

FBR

Rankings

Investment Banking – Rankings by Aftermarket Performance

5 YEARS

Aftermarket Performance Across All Industries

January 1, 1998 through December 31, 2002

Lead Manager [1]	# of Deals	Aftermarket Performance [4] (%)
Friedman, Billings, Ramsey*	**60**	**3.80**
A.G. Edwards & Sons Inc	41	2.37
Wachovia Securities Inc	35	-13.91
Goldman, Sachs & Co	331	-15.55
UBS Warburg LLC	120	-20.76
Bear, Stearns & Co	119	-20.96
J.P Morgan Securities Inc	84	-21.98
Chase H&Q	91	-22.52
Merrill Lynch & Co	329	-23.83
Raymond James	27	-24.49
Salomon Smith Barney Inc	195	-25.58
Credit Suisse First Boston	328	-25.61
	1760	-17.42

*Inclusion of Dividends and 144A Institutional Placements resulted in a weighted return of 24.36% and a non-weighted return of 22.66% from our internal calculations for FBR deals 1/01/1998 – 12/31/2002

1 YEAR

Aftermarket Performance Across All Industries

January 1, 2002 through December 31, 2002

Lead Manager [2]	# of Deals	Aftermarket Performance [4] (%)
Friedman, Billings, Ramsey**	**20**	**8.06**
Goldman, Sachs & Co	32	-0.36
J.P Morgan Securities Inc	16	-1.29
Merrill Lynch & Co	39	-3.91
Deutsche Bank Securities	16	-6.16
Bear, Stearns & Co	21	-7.11
Salomon Smith Barney Inc	30	-10.24
Morgan Stanley	36	-10.51
Banc of America Securities	18	-15.81
Credit Suisse First Boston	56	-16.72
UBS Warburg LLC	24	-17.75
Lehman Brothers	23	-19.44
	331	-8.44

**Inclusion of Dividends and 144A Institutional Placements resulted in a weighted return of 15.65% and a non-weighted return of 13.30% from our internal calculations for FBR deals 1/01/2002 – 12/31/2002

1H 2003

Aftermarket Performance Across All Industries

January 1, 2003 through June 30, 2003

Lead Manager [3]	# of Deals	Aftermarket Performance [4] (%)
Friedman Billings Ramsey	**5**	**40.02**
Thomas Weisel Partners LLC	3	25.83
Ryan, Beck & Co	3	24.94
Lehman Brothers	16	20.67
Sun Trust Robinson Humphrey	2	20.20
Bear Stearns & Co	8	15.26
Goldman, Sachs & Co	20	15.17
Morgan Stanley	21	15.10
Citigroup Global Markets Inc	20	14.72
UBS Securities	18	14.65
CIBC World Markets	4	13.36
JP Morgan Securities Inc	18	12.95
	138	19.41

[1] Of more than 25 transactions, IPOs and Secondaries only, excludes closed-end funds.

[2] Of more than 10 transactions IPOs and Secondaries only, excludes closed–end funds.

[3] Of more than 1 transaction, IPOs and Secondaries only, excludes closed-end funds.

[4] Non-weighted average aftermarket performance. Results for each of the offerings vary considerably, and may be significantly different from the average figure quoted. Past performance is no guarantee of future results.

Source: CommScan LLC

MBS and Merchant Banking

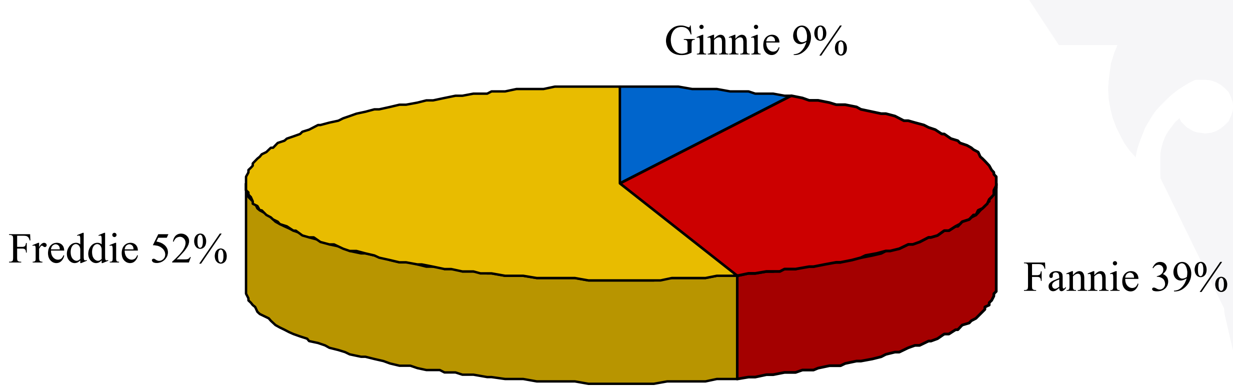
The strategy employed by FBR Asset for more than 5 years continues to be used by FBR Group following the merger of the two companies on March 31, 2003

- Residential Mortgage-Backed Securities (approximately $8 Billion as of June 30, 2003)
  - AAA rated securities – GSE guaranteed by Freddie Mac, Fannie Mae, Ginnie Mae
  - Short-duration of 1-2 – limits price risk
  - Leverage guideline – 6-11x (debt to equity),
  - Allocation of capital: 50%-90% (long-term average target 60%-65%)
- Merchant Banking/Long Term Investment Portfolio (Non-levered portfolio) ($236 Million carrying value as of June 30, 2003).
  - Senior secured and mezzanine loans
  - Preferred and common equity
  - Direct assets
  - Hedge funds
  - Venture funds
  - Non-levered portfolio
  - Typical hold period 12-18 months
  - Allocation of capital: 10%-30% (long-term average target 20%-25%)

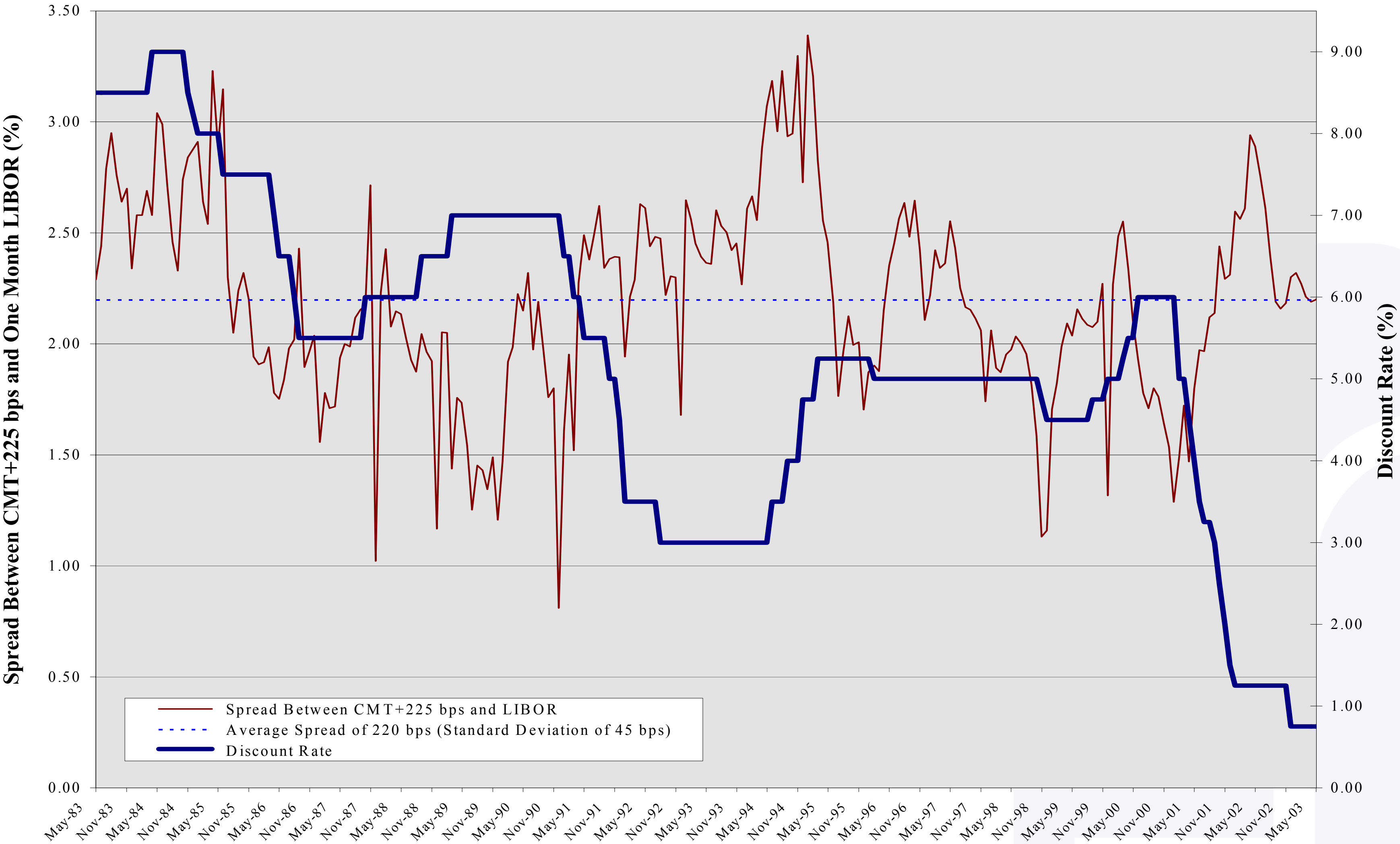
MBS Portfolio

06/30/03

CURRENT FACE	MARKET VALUE	AVERAGE COUPON	BOOK YIELD	COST PREMIUM	WTD CPR	AVERAGE LIFE	EFFECTIVE DURATION	CONVEXITY
7,911,646	8,135,379	4.53%	2.91%	102.44	34	2.3	1.17	-0.13



MBS Portfolio Spread



Source: Bloomberg, Federal Reserve

Notes:

CMT is the 1 Year Constant Maturity Treasury. For purposes of estimating spread, this chart assumes a margin of 225 bps.

On January 9, 2003, the Federal Reserve Board made a policy change regarding the discount rate in an effort to reduce the stigma of borrowing from the federal government and raised the discount rate above the federal funds rate. However, because the Federal Reserve's monetary stance, as reflected by the federal funds rate, has remained unchanged, this chart assumes a constant discount rate from January 9, 2003 through May 31, 2003 of 75 bps., as it stood prior to the Federal Reserve's policy change.

Merchant Banking and Other Long Term Investments

- Merchant Banking Equities, Mezzanine and Other Debt, Private Equity Fund Investments and Hedge Fund Investments $236 Million at 6/30/03
- Merchant Banking Portfolio at 6/30/03 Equaled Approximately $164 Million
  - Realized gains and dividends on that portfolio in six months ended 6/30/03 exceeded $12 Million
  - Approximately $56 Million of unrealized gains on marketable securities in the merchant banking portfolio as of 6/30/03
- Alternative Fund Investments $53 Million at 6/30/03
- Broker/Dealer Investments $19 Million at 6/30/03

Independent Broker-Dealer Business Mix

Components of Gross Revenue	LTM Period End	Interest and Dividends	Investment Banking	Principal Transactions & Commissions	Fees & Other
Lehman Brothers	31-May-03	66%	10%	24%	0%
Goldman Sachs	31-May-03	49%	10%	22%	20%
Morgan Stanley	31-May-03	48%	7%	21%	24%
Merrill Lynch	27-Jun-03	46%	8%	26%	20%
SWS Group	28-Mar-03	37%	12%	38%	14%
Bear Stearns	31-May-03	30%	9%	60%	2%
Jefferies Group	30-Jun-03	13%	19%	66%	2%
Raymond James Financial	27-Jun-03	9%	9%	66%	15%
Stifel Financial Corp.	30-Jun-03	7%	21%	58%	14%
Legg Mason, Inc.	30-Jun-03	6%	7%	29%	58%
A. G. Edwards Inc.	31-May-03	5%	12%	55%	28%
Average Broker/Dealer		**29%**	**11%**	**42%**	**18%**
FBR 2003 2nd Quarter	**30-Jun-03**	**34%**	**29%**	**13%**	**24%**

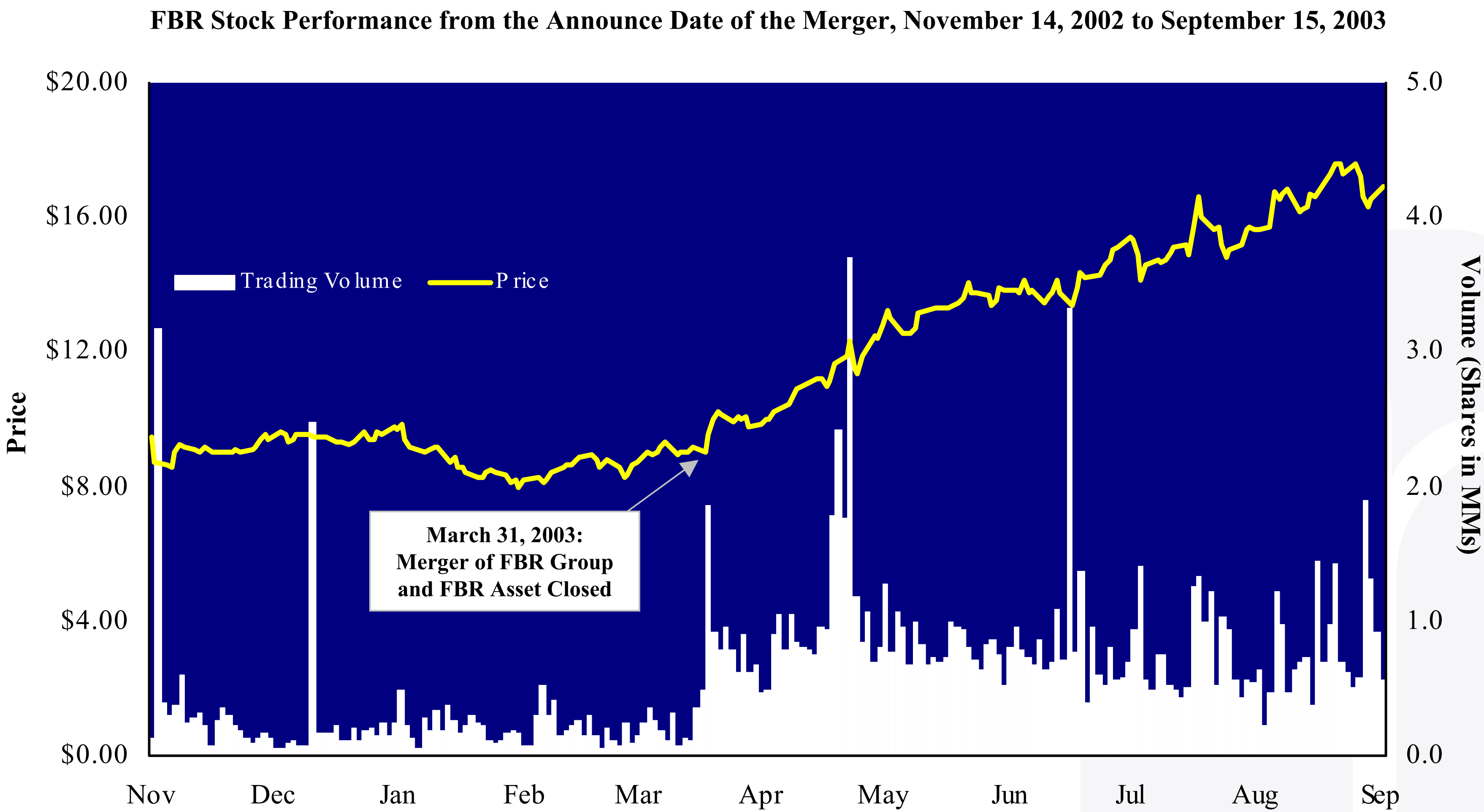
Selected Comparables

	Fiscal Year End	LTM Period End	Equity Capital	Total Assets / Tangible Equity	Compensation/ Net Revenue	Price/ Tangible Book[1]	Indicated Div. Yield
Merrill Lynch	31-Dec	27-Jun-03	$24,781,000	23.8x	50.1%	2.42x	1.2%
Morgan Stanley	30-Nov	31-May-03	$22,631,000	27.7x	41.4%	2.48x	1.9%
Goldman Sachs	30-Nov	31-May-03	$20,042,000	26.5x	48.3%	2.69x	1.2%
Lehman Brothers	30-Nov	31-May-03	$9,635,000	32.2x	51.0%	1.64x	0.7%
Bear Stearns	30-Nov	31-May-03	$6,714,397	31.0x	49.6%	1.90x	1.2%
A. G. Edwards Inc.	28-Feb	31-May-03	$1,674,808	2.3x	66.6%	1.71x	1.8%
Legg Mason, Inc	31-Mar	30-Jun-03	$1,324,802	7.2x	58.3%	5.46x	0.8%
Raymond James Financial	30-Sep	27-Jun-03	$889,042	8.5x	67.5%	2.14x	1.0%
Jefferies Group	31-Dec	27-Jun-03	$683,315	14.8x	57.0%	2.68x	0.5%
SWS Group	30-Jun	28-Mar-03	$245,743	16.8x	48.4%	1.31x	2.1%
Stifel Financial Corp.	31-Dec	30-Jun-03	$86,564	5.0x	67.7%	1.05x	0.0%
Average Broker/Dealer				**17.8x**	**55.1%**	**2.31x**	**1.1%**
FBR 2003 2nd Quarter		**30-Jun-03**	**$1,136,093**	**8.5x**	**33.3%**	**2.14**	**8.4%[2]**

[1] Market data as of 08/25/03

[2] Indicated dividend of $1.36 over share price of $16.18 on August 25th, 2003

FBR Group Common Shares



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

Conclusion

- Top 10 National Investment Bank
- Positioned for Continued Growth with Stable Dividend Income
- Number One Aftermarket Underwriting Performance among major underwriters
- Unique Franchise
- Distribution Power

Earnings Model I (See Notes 1)

(The attached notes are an integral part of this model presentation)

	Business Line		Model Allocated Equity Capital	Model Return %	Model Revenue/ Net Interest Revenue	Model Expenses	Model Earnings	Model ROE %
1	Capital Markets							
	Investments (2)		15					
	Working Capital		50					
			65					
	Investment Banking				150 (3)			
	Institutional Brokerage				78 (3), (4)			
					228	183		
	Model Breakeven Revenue Level	115 (2),(5)						
	Revenue in excess of Breakeven	113		40% (5)			45	
	Taxes						(18)	
	Income after taxes						27	42%
2	Asset Management							
	Fund Investments (6)		50	20%	10			
	Fee Business (7)		20 (8)		25			
	Total		70		35	25	10	
	Taxes						(2)	
							8	11%
3	MBS							
	Assets	8,030						
	Equity	730 (9)	730 (9)	3.25% (10)	24			
	Funded 10x	7,300 (9)		1.99% (10)	145			
					169	19.5995	149	20%
4	Merchant Banking							
	Assets		163	25%	41	4.975	36	22%
	FBR GROUP TOTAL							
	Equity (from above)		1028					
	Goodwill from merger		108					
			1,136		473	232	240	
	Taxes						(20)	
							220	19%
								21% (on equity excl. goodwill)

($ millions, unless otherwise indicated)

FBR

Earnings Model II (See Notes 1)

(The attached notes are an integral part of this model presentation)

Business Line		Model Allocated Equity Capital	Model Return %	Model Revenue/ Net Interest Revenue	Model Expenses	Model Earnings	Model ROE %
1 Capital Markets							
Investments (2)		15					
Working Capital		50					
		65					
Investment Banking				**250** (3)			
Institutional Brokerage				**100** (3), (4)			
				350	260		
Model Breakeven Revenue Level	**125** (2), (5)						
Revenue in excess of Breakeven	225		40% (5)			90	
Taxes						(36)	
Income after taxes						**54**	83%
2 Asset Management							
Fund Investments (6)		50	20%	10			
Fee Business (7)		20 (8)		25			
Total		70		35	25	10	
Taxes						(2)	
						8	11%
3 MBS							
Assets	8,030						
Equity	730 (9)	730 (9)	**3.50%** (10)	26			
Funded 10x	7,300 (9)		**2.16%** (10)	158			
				183	21.023	162	22%
4 Merchant Banking							
Assets		163	25%	41	4.975	36	22%
FBR GROUP TOTAL							
Equity (from above)		1028					
Goodwill from merger		108					
		1,136		609	311	298	
Taxes						(38)	
						260	23%
							25% (on equity excl. goodwill)

($ millions, unless otherwise indicated)

Notes 1

(1) The foregoing financial models of Friedman, Billings, Ramsey Group, Inc. were prepared by management of the company and will be provided to financial analysts as of September 16, 2003. This model includes a hypothetical allocation of equity. The actual allocation will vary from time to time and the company is not undertaking any obligation to update this model.

The financial model is not a measure of the company's historical or future financial performance, financial position or cash flows. The model is not a projection of or a prediction of the company's future performance. The model contains various assumptions that management has made as of this date with regard to the allocation of capital and the level of returns, revenues, and expenses among the company's businesses. The assumptions in the model are not necessarily reflective of historical results, or a projection or prediction of the company's actual performance or decisions with regard to allocation of capital, expenses, returns on equity and revenue levels. Actual performance or decisions by the company may vary from the assumptions contained in the model.

The company's actual financial performance will be subject to a number of factors, risks and uncertainties that might cause actual results to differ materially from stated expectations or current circumstances. These factors include, but are not limited to, the effect of demand for public offerings, activity in the secondary securities markets, interest rates, costs of borrowing, interest spreads, mortgage pre-payment speeds, risks associated with merchant banking investments, the realization of gains and losses on principal investments, available technology, 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 and quarterly reports on Form 10-Q that are available from the company and from the SEC.

(2) Return on investments, interest, dividends and trading gains in the capital markets business line are incorporated in breakeven analysis as an offset to fixed expenses.

(3) Excludes return on investment, interest, dividends and trading gains. See note 2.

(4) Institutional brokerage revenue in the model excludes brokerage revenues attributable to private client, online and asset management business although those revenues are included in the "institutional brokerage" line of the company's income statement.

(5) Breakeven points and marginal contribution will vary with revenue mix and times of expenses. Model only; actual breakeven point and contribution in any period will vary, and breakeven point will increase with new hiring or other expense increases.

(6) Some fund investments are held in taxable REIT subsidiaries and some in the REIT parent.

(7) Fee businesses are operated in taxable REIT subsidiaries and fees are subject to full taxation.

(8) Equity in the asset management business line includes mutual fund management contracts purchased in the 2001 Rushmore/MMA acquisition and subject to amortization over 15 years.

(9) Indicative equity in MBS portfolio at 10x leverage. Not intended to reflect actual equity or leverage. Leverage guidelines are generally 6-11, however, levels may vary above or below these targets depending on a variety of factors.

(10) The effective yield and net interest spread will vary from quarter to quarter and may be higher or lower than the spreads indicated in the models.