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FBR Announces First Quarter 2006 Financial Results

Net After-Tax Income of \$26.6 Million or \$0.16 per Share

ARLINGTON, Va., April 26, 2006 – Friedman, Billings, Ramsey Group, Inc. (NYSE: FBR) today announced its results for the quarter ended March 31, 2006. Net income after tax for the quarter was \$26.6 million, or \$0.16 per share (diluted), compared to after-tax earnings of \$24.4 million, or \$0.14 per share (diluted) for the first quarter of 2005.

Net revenues for the quarter were \$176.8 million, an increase of 8.5% from the \$163.0 million in net revenues in the first quarter of 2005. Book value per share as of March 31, 2006 was \$7.60, and book value per share net of Accumulated Other Comprehensive Income (AOCI)¹ was \$7.63.

These results reflect continued solid performance by FBR's capital markets group, a substantial improvement in the results of the Company's non-conforming mortgage subsidiaries, and better returns on FBR's principal investment portfolios.

Capital Markets

In the first quarter of 2006, FBR helped raise \$8.3 billion for its clients in 21 transactions, 14 of which it lead managed. In addition, FBR advised on four merger and acquisition assignments. Investment banking revenues for the quarter totaled \$69.2 million, down from \$88.0 million in the first quarter of 2005.

Trends in the first quarter of 2006 were in many respects similar to those seen in 2005 – a broadening capital markets franchise with leading equity underwriting positions in a growing number of key industries. In particular, the insurance and energy groups performed well. Following 2005, when FBR was the #1 book-running manager for the year for initial public offerings and 144A common stock private placements combined, FBR maintained a market leading position with a #2 ranking in these offerings for the first quarter of 2006.²

Institutional brokerage revenues, net of related interest expense, rose 14% from \$27.8 million in the first quarter of 2005 to \$31.7 million in the quarter just ended. FBR continues to be successful at minimizing the impact of industry cost pressures by maintaining and strengthening relationships with mid-sized buy-side firms that value both quality research and trading expertise.

Principal Investment and Mortgage Finance

The steps FBR took to reposition its principal investment portfolios in the fourth quarter of 2005 have given the firm greater liquidity and a broader range of investment options going forward. FBR expects to see gradual improvement in returns on its investments in mortgage securities as it continues to redeploy the \$450 million of capital invested in this portfolio.

Mortgage Portfolios

The repositioning of FBR's principal investment portfolio was substantially completed by the end of February 2006. At the close of the first quarter of 2006, FBR had sold mortgage-backed securities valued at \$7.0 billion, effectively completing the liquidation phase of the repositioning. For the quarter, the mortgage securities portfolio yield was 4.54% with a corresponding cost of funds of 4.45%. At the end of the quarter, the balance of the mortgage securities portfolio was approximately \$900 million. As a result of the portfolio repositioning, the Company recorded net realized gains of \$4.5 million from the sale of mortgage securities and loans.

The Company's investments in non-conforming mortgage loans averaged \$6.6 billion with an average coupon of 7.26%, a one-month CPR of 33.5, and an ending net premium of \$137.4 million, including deferred net origination costs. The net yield for the quarter was 6.78% with a corresponding cost of funds of 5.15%. Pre-provision net interest margin totaled 98 basis points, net of 24 basis points of mortgage insurance costs.

In the first quarter of 2006, First NLC (FNLC) narrowed its loss margin substantially, generating a pretax loss from its operating activities of \$4.8 million compared to a pre-tax loss of \$23.5 million in the fourth quarter of 2005. Importantly, FNLC achieved a cost to originate of 174 basis points during the month of March. The cost to originate for the full quarter was 210 basis points. As a result of cost cutting and other initiatives undertaken by FNLC during the quarter, FBR now expects FNLC to return to profitability in the second quarter of 2006.

Merchant Banking

During the first quarter, the merchant banking and long-term investments portfolio generated total income of \$17.4 million – comprising \$3.7 million in dividends and \$13.7 million in net realized gains. During the quarter, FBR made four new merchant banking investments totaling \$37.5 million.

The total value of FBR's merchant banking portfolio and other long-term investments at the end of the quarter was \$306.0 million compared to \$347.6 million as of December 31, 2005. Of this total, \$263.9 million was held in the merchant banking and long-term investments portfolio and \$42.1 million was held in alternative asset investments.

Asset Management

Base management fees for the first quarter were \$5.1 million compared to base fees of \$8.5 million in the first quarter of 2005. Incentive allocations and fees rose to \$1.0 million from a negative \$0.4

million in the comparable quarter of 2005. Total funds under management were \$2.4 billion as of March 31, 2006, down from \$3.1 billion on March 31, 2005. Mutual fund assets currently managed by FBR Investment Management totaled \$1.8 billion at March 31, 2006, compared to \$2.2 billion at the close of the first quarter of 2005. In the first quarter, mutual fund assets rose 1.5% over year-end 2005 levels.³

The firm will host an earnings conference call tomorrow morning, Thursday, April 27, 2006 at 9:00 A.M. U.S. EDT. Investors wishing to listen to the conference call may do so via the web at: http://phx.corporate-ir.net/phoenix.zhtml?c=71352&p=irol-irhome.

Replays of the webcast will be available following the call.

Friedman, Billings, Ramsey Group, Inc. provides investment banking*, institutional brokerage*, asset management, and private wealth through its operating subsidiaries and invests in mortgage-related assets and merchant banking opportunities. FBR focuses capital and financial expertise on eight industry sectors: consumer, diversified industrials, energy and natural resources, financial institutions, healthcare, insurance, real estate, and technology, media and telecommunications. FBR is headquartered in the Washington, D.C. metropolitan area with offices in Arlington, Va., Boston, Dallas, Denver, Houston, Irvine, London, New York, Phoenix and San Francisco. Friedman, Billings, Ramsey Group, Inc. is the parent company of First NLC Financial Services, Inc., a non-conforming residential mortgage originator headquartered in Deerfield Beach, Florida. For more information, visit http://www.fbr.com.

*Friedman, Billings, Ramsey & Co., Inc.

Statements concerning future performance, developments, events, market forecasts, revenues, expenses, earnings, 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 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 technologies, competition for business and personnel, and general economic, political and market conditions. These and other risks are described in the Company's Annual Report and Form 10-K and quarterly reports on Form 10-Q that are available from the company and from the SEC.

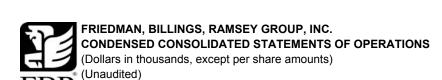
Financial data follows.

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¹Accumulated Other Comprehensive Income (AOCI) includes changes in the value of available-for-sale securities and cash flow hedges. FBR believes that such changes represent temporary market fluctuations, are not reflective of the market strategy, and, therefore, the exclusion of AOCI provides a reasonable basis for calculating returns.

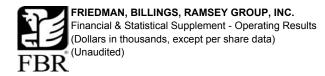
²Source: Dealogic. Relates to total deal value of all common stock of U.S. issuers offered in IPOs or transactions exempt from SEC registration pursuant to Rule 144A; priced between 1/1/05 and 12/31/05 and 1/1/06 and 3/31/06, respectively, with apportioned credit to all book-runners. Includes only rankeligible transactions.

³Excluding two mutual funds sold in the first quarter of 2006 that had assets of \$61.2 million as of year-end 2005.

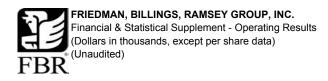


Quarter ended March 31,

	 2006	%	2005	%
REVENUES:	<u> </u>			
Investment banking:				
Capital raising	\$ 66,335	37.5%	\$ 86,813	53.3%
Advisory	2,869	1.6%	1,138	0.7%
Institutional brokerage:				
Principal transactions	6,625	3.7%	5,627	3.5%
Agency commissions	23,408	13.2%	22,157	13.6%
Mortgage trading interest	17,650	10.0%	-	0.0%
Mortgage trading net investment loss	(1,237)	-0.7%	-	0.0%
Asset management:				
Base management fees	5,097	2.9%	8,468	5.2%
Incentive allocations and fees	1,008	0.6%	(375)	-0.2%
Principal investment:				
Interest	149,126	84.3%	98,896	60.7%
Net investment income (loss)	25,281	14.3%	(3,858)	-2.4%
Dividends	3,699	2.1%	3,440	2.1%
Mortgage Banking:				
Interest	25,059	14.2%	9,492	5.8%
Net investment income	10,738	6.1%	3,481	2.1%
Other	3,041	1.7%	2,496	1.5%
Total revenues	 338,699	191.5%	237,775	145.9%
Interest expense	153,483	86.8%	74,822	45.9%
Provision for loan losses	 8,392	4.7%		0.0%
Revenues, net of interest expense				
and provision for loan losses	176,824	100.0%	162,953	100.0%
NON-INTEREST EXPENSES:				
Compensation and benefits	83,497	47.2%	75,799	46.5%
Professional services	14,265	8.1%	13,650	8.4%
Business development	14,085	8.0%	15,438	9.5%
Clearing and brokerage fees	2,316	1.3%	2,032	1.2%
Occupancy and equipment	11,242	6.3%	5,724	3.5%
Communications	5,607	3.2%	4,032	2.5%
Other operating expenses	20,977	11.9%	16,294	10.0%
Total non-interest expenses	 151,989	86.0%	132,969	81.6%
Net income before income taxes	24,835	14.0%	29,984	18.4%
Income tax (benefit) provision	(1,719)	-1.0%	5,572	3.4%
Net income	\$ 26,554	15.0%	\$ 24,412	15.0%
Basic earnings per share	\$ 0.16		\$ 0.15	
Diluted earnings per share	\$ 0.16		\$ 0.14	
Weighted average shares - basic	170,728		168,334	
Weighted average shares - diluted	 171,031		169,458	
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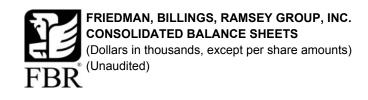


TDK			ye	For the ear ended							
D		Q-1 06	3	1-Dec-05		Q-4 05	 Q-3 05		Q-2 05		Q-1 05
Revenues											
Investment banking:	æ	66 225	\$	256 752	\$	00.066	\$ 06.025	\$	05.020	Φ.	86.813
Capital raising	\$	66,335	Þ	356,753	Þ	88,866	\$ 86,035	ф	95,039	\$,
Advisory		2,869		17,759		7,415	3,026		6,180		1,138
Institutional brokerage:				4= 0=0		0.700	4.040		4 000		
Principal transactions		6,625		17,950		3,788	4,348		4,680		5,627
Agency commissions		23,408		82,778		21,006	20,445		18,677		22,157
Mortgage trading interest		17,650		30,859		19,555	11,304		-		-
Mortgage trading net investment loss		(1,237)		(3,820)		(1,419)	(2,401)		-		-
Asset management:											
Base management fees		5,097		30,348		6,153	7,914		7,813		8,468
Incentive allocations and fees		1,008		1,929		742	832		730		(375)
Principal investment:											
Interest		149,126		549,832		189,811	144,401		116,724		98,896
Net investment income (loss)		25,281		(239,754)		(258,500)	4,866		17,738		(3,858)
Dividends		3,699		36,622		16,039	8,772		8,371		3,440
Mortgage Banking:				•							
Interest		25,059		87,958		30,965	29,383		18,118		9.492
Net investment income (loss)		10,738		13,741		(21,899)	17,600		14,559		3,481
Other		3,041		12,351		3,024	3,376		3,455		2,496
Total revenues		338,699		995,306		105,546	 339,901		312,084		237,775
Interest expense		153,483		546,313		211,393	156,373		103,725		74,822
Provision for loan losses		8,392		14,291		8,263	4,890		1,138		- 1,022
Revenues, net of interest expense and		0,002		14,201		0,200	 4,000		1,100		
provision for loan losses		176,824		434,702		(114,110)	 178,638		207,221		162,953
Non-interest expenses											
Compensation and benefits		83,497		331,492		87,330	88,348		80,015		75,799
Professional services		14,265		66,550		16,556	16,158		20,186		13,650
Business development		14,085		46,648		10,433	8,815		11,962		15,438
Clearing and brokerage fees		2,316		8,882		2,447	2,363		2,040		2,032
Occupancy and equipment		11,242		34,044		10,151	9.397		8.772		5.724
Communications		5,607		20,634		5,741	5,561		5,300		4,032
Other operating expenses		20,977		70,679		24,984	16,861		12,540		16,294
Total non-interest expenses		151,989		578,929		157,642	147,503		140,815		132,969
Net income (loss) before income taxes		24,835		(144,227)		(271,752)	31,135		66,406		29,984
Income tax (benefit) provision		(1,719)		26,683		(142)	 8,090		13,163		5,572
Net income (loss)	\$	26,554	\$	(170,910)	\$	(271,610)	\$ 23,045	\$	53,243	\$	24,412
Net income (loss) before income taxes											
as a percentage of net revenue		14.0%		-33.2%		238.1%	17.4%		32.0%		18.4%



	Q-1 06	For the year endec
E (annualized)	8.2%	-11.9
F (annualized-excluding AOCI) (1)	8 1%	-11.79

	Q-1 06	year ended 31-Dec-05	Q-4 05	Q-3 05	Q-2 05	Q-1 05
ROE (annualized) ROE (annualized-excluding AOCI) (1)	8.2 8.1		-80.5% -74.7%	6.3% 5.9%	14.3% 13.8%	6.4% 6.0%
Total shareholders' equity Total shareholders' equity, net of AOCI (1)	\$ 1,301,94 \$ 1,306,45	. , ,	\$ 1,304,170 \$ 1,305,147	\$ 1,394,137 \$ 1,603,305	\$ 1,519,021 \$ 1,631,955	\$ 1,458,861 \$ 1,629,293
Basic earnings (loss) per share Diluted earnings (loss) per share	\$ 0.1 \$ 0.1	. , , ,	\$ (1.60) \$ (1.60)	\$ 0.14 \$ 0.14	\$ 0.31 \$ 0.31	\$ 0.15 \$ 0.14
Ending shares outstanding (in thousands)	171,23	6 170,264	170,264	169,891	169,617	169,214
Book value per share Book value per share, net of AOCI (1)	\$ 7.6 \$ 7.6		\$ 7.66 \$ 7.67	\$ 8.21 \$ 9.44	\$ 8.96 \$ 9.62	\$ 8.62 \$ 9.63
Gross assets under management (in millions) Managed accounts Hedge & offshore funds Mutual funds Private equity and venture capital funds	\$ 383. 136. 1,849.	9 \$ 463.4 6 154.3 5 1,883.3	\$ 463.4 154.3 1,883.3 56.2	\$ 437.2 239.0 2,078.1 42.7	\$ 510.4 463.1 2,185.0 41.3	\$ 242.4 601.1 2,213.9 69.5
Total	\$ 2,420.		\$ 2,557.2	\$ 2,797.0	\$ 3,199.8	\$ 3,126.9
Net assets under management (in millions) Managed accounts Hedge & offshore funds Mutual funds Private equity and venture capital funds Total	\$ 380. 125. 1,843. 49. \$ 2,398.	4 150.5 4 1,872.8 1 46.8	\$ 329.5 150.5 1,872.8 46.8 \$ 2,399.6	\$ 255.5 227.8 2,069.9 39.9 \$ 2,593.1	\$ 257.3 401.1 2,176.6 37.8 \$ 2,872.8	\$ 223.0 490.3 2,204.2 66.3 \$ 2,983.8
Employee count	2,53		2,449	2,455	2,226	2,123



ASSETS	31-Mar-06		31-Dec-05			
Cash and cash equivalents	\$	188,714	\$	238,615		
Restricted cash	Ψ	5,020	Ψ	6,101		
Receivables		278,697		259,519		
Investments:		,				
Mortgage-backed securities, at fair value		892,159		8,002,561		
Loans held for investment, net		6,254,819		6,841,266		
Loans held for sale, net		914,442		963,807		
Long-term investments		305,992		347,644		
Reverse repurchase agreements		179,983		283,824		
Trading securities, at fair value		1,252,485		1,032,638		
Due from clearing broker		81,350		71,065		
Derivative assets, at fair value		92,723		70,636		
Goodwill		162,765		162,765		
Intangible assets, net		24,771		26,485		
Furniture, equipment and leasehold improvements, net		44,328		46,382		
Prepaid expenses and other assets	•	81,345	•	82,482		
Total assets	\$	10,759,593	\$	18,435,790		
LIABILITIES AND SHAREHOLDERS ' EQUITY						
Liabilities: Trading account securities sold short but	\$	152.050	\$	150 547		
not yet purchased, at fair value	Ψ	153,058	φ	150,547		
Commercial paper		423,020		6,996,950		
Repurchase agreements		2,200,739		2,698,619		
Securities purchased		23,786		2,000,010		
Derivative liabilities, at fair value		36,855		31,952		
Dividends payable		34,747		34,588		
Interest payable		11,310		12,039		
Accrued compensation and benefits		43,301		82,465		
Accounts payable, accrued expenses and other liabilities		80,593		82,576		
Temporary subordinated loan payable		-		75,000		
Securitization financing for loans held for investment, net		6,126,317		6,642,198		
Long-term debt		323,918		324,686		
Total liabilities		9,457,644		17,131,620		
Shareholders' equity:						
Common stock, 173,848 and 172,854 shares		1,738		1,729		
Additional paid-in capital		1,557,713		1,547,128		
Employee stock loan receivable including accrued interest		(4.004)		(4.040)		
(551 shares)		(4,081)		(4,018)		
Deferred compensation		(17,467)		(15,602)		
Accumulated other comprehensive loss Accumulated deficit		(4,501) (231,453)		(977) (224,090)		
Total shareholders' equity		1,301,949		1,304,170		
Total Shareholders Equity		1,001,048		1,504,170		
Total liabilities and shareholders' equity	\$	10,759,593	\$	18,435,790		