IOU Financial Inc.

PRESS RELEASE

IOU Financial Inc. Releases Financial Results for the First Quarter Ended March 31, 2016

Montreal, May 25, 2016 – **IOU FINANCIAL INC.** (“IOU” or “the Company”; TSX-V:IOU), a leading online lender to small businesses, announced today its results for the first quarter ended March 31, 2016.

“IOU continues to lead at the forefront of the fintech revolution taking hold in North America. The first quarter of 2016 saw strong loan applications, but lower loan volumes, due to a strategic emphasis on seeking higher loan quality. Our intention is to continue to pursue sustainable, high quality growth opportunities to achieve favourable risk adjusted returns for our shareholders. We believe that the strength of IOU’s model will continue to distinguish us in the marketplace,” said Phil Marleau, CEO.

FINANCIAL HIGHLIGHTS

- Although loan applications rose significantly year over year, loan volumes decreased during the quarter primarily as a result of a strategy aimed at maintaining the quality of IOU’s loans. Loan originations in the first quarter period ended March 31, 2016 were US$25.4 million versus originations of US$31.2 million for the same period last year.
- As of March 31, 2016, IOU’s total loans under management amounted to approximately $79.8 million as compared to $70.2 million at the end of the first quarter 2015, representing an increase of 14% over the previous year. On March 31, 2016, the principal balance of the loan portfolio amounted to $25.5 million compared to $19.9 million at the end of the first quarter of 2015 while the principal balance of IOU’s servicing portfolio (loans being serviced on behalf of a third-parties) amounted to approximately $54.3 million compared to $50.4 million in 2015.
- IOU recorded gross revenue for the quarter ended March 31, 2016 of $3.3 million versus $2.6 million for the quarter ended March 31, 2015, representing a 26% increase as a result of the increase in the loan portfolio.
- IOU recorded net revenue for the quarter ended March 31, 2016 of $1.9 million versus $2.0 million for the quarter ended March 31, 2015. The decrease relates to an increase in interest paid as a result of the convertible unsecured subordinated debentures which closed in November 2015 and an increase in the provision for loan losses.
- IOU closed its first quarter 2016 with a net loss attributable to common shareholders of $1,308,229, or $0.02 per share, compared to a net loss of $214,997 or $0.00 per share during the same period of 2015.
- IOU closed its first quarter 2016 with an adjusted loss of $473,480, which excludes certain non-cash and non-recurring items, compared to an adjusted loss of $261,158 in the first quarter of 2015.

IOU's financial statements and management discussion & analysis for the quarter ended March 31, 2016 have been filed on SEDAR and are available at www.sedar.com.

About IOU Financial Inc.

IOU Financial provides small businesses throughout the U.S. access to the capital they need to seize growth opportunities quickly. Typical customers include medical and dental practices, grocery and retail stores, restaurant and hotel franchisees and e-commerce companies. In a unique approach to lending, IOU Financial's advanced, automated application and approval system accurately assesses applicants' financial realities, with an emphasis on day-to-day cash flow trends. It makes loans of up to $150,000 to qualified applicants within a few business days, with affordable charges favourable to cash-flow management. IOU Financial's speed and transparency make it a trusted alternative to banks. To learn more visit: www.ioufinancial.com.

Forward Looking Statements

Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of IOU including, but not limited to, the impact of general economic conditions, industry conditions, dependence upon regulatory and shareholder *approvals, the execution of definitive documentation and the uncertainty of obtaining additional financing. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. IOU does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise.*

The TSX-V has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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