

PRESS RELEASE
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IOU FINANCIAL ANNOUNCES PRIVATE PLACEMENT OF UP TO \$3.5 MILLION

MONTREAL, Québec, May 1, 2017 /CNW/ – IOU Financial Inc. (TSX Venture Exchange: IOU) ("IOU Financial" or, the "Company"), a leading online lender to small businesses in the United States and Canada, announced today that it intends to complete a private placement of up to 17,500,000 common shares of the Company (the "Offered Shares") at a price of \$0.20 per Offered Share for gross proceeds of up to \$3.5 million (the "Offering"). Up to \$1.5 million of the Offering will be brokered by Haywood Securities Inc. The remaining portion of the Offering will be non-brokered.

The Company expects that Fintech Ventures Fund LLLP ("Fintech"), an entity controlled by Mr. Serguei Kouzmine, a director of the Company, will subscribe for approximately up to 7,500,000 Offered Shares for gross proceeds of approximately up to \$1.5 million on a non-brokered basis (the "Insider Subscription"). Fintech currently beneficially owns or controls 6,005,757 common shares of the Company (the "Common Shares"), representing approximately 8.52% of the issued and outstanding Common Shares (7,339,087 Common Shares, representing approximately 10.23% of the issued and outstanding Common Shares, calculated on a partially diluted basis assuming the full conversion of all convertible debentures beneficially owned or controlled by Fintech). After the completion of the Offering, Fintech will beneficially own or control approximately up to 15.36% of the issued and outstanding Common Shares (up to 16.62% calculated on a partially diluted basis assuming the full conversion of all convertible debentures beneficially owned or controlled by Fintech).

The net proceeds of the Offering will be used primarily by IOU Financial to finance small business loans in the Company's target markets of the United States and Canada and for general corporate purposes. The Offering is subject to regulatory approval, including the approval of the TSX-V.

The Offering may be considered a related party transaction within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions. However, the Offering is exempt from the valuation and minority approval requirements provided under such regulation, since the fair market value of the Insider Subscription is less than 25% of the market capitalization of IOU Financial. The Board of Directors of IOU Financial has approved the terms of the Offering. Mr. Kouzmine declared his interest prior to the approval by the Board of Directors of IOU Financial and abstained from voting thereon.

This press release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

About IOU Financial Inc.

IOU Financial provides small businesses throughout the U.S. and Canada 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 US\$150,000 to qualified U.S. applicants (\$100,000 in Canada) within a few business days, with affordable charges favorable 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. Forward-looking statements are statements, other than statements of historical fact, that address or discuss activities, events or developments that IOU Financial expects or anticipates may occur in the future. These forward looking statements can be identified by the use of words such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. These forward-looking statements reflect management's current views and are based on certain assumptions including assumptions as to future economic conditions and courses of action, as well as other factors management believes are appropriate in the circumstances. Such forward-looking statements are subject to risks and uncertainties and no assurance can be given that any of the events anticipated by such statements will occur or, if they do occur, what benefit IOU Financial will derive from them. A number of factors could cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements, including, but not limited to, risks related to the completion or not of the Offering, risks related to the Company's incapacity to execute on its business plan, risks inherent in growing a new business, dependence on third-party service providers, competition, regulatory risk, dependence on key personnel, risks related to rapid growth of IOU Financial, security and confidentiality risk, risk related to inability to attract borrowers and lenders, technological development risk, IT disruptions, maintenance of client relationships, litigation risk, volatility of stock price, and other factors that are beyond its control. Additional information concerning these and other factors can be found beginning on page 15 under the heading "Risks and Uncertainties" in IOU Financial's management's discussion and analysis dated April 27, 2017, which is available under IOU Financial's profile on SEDAR at www.sedar.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For Further Information:

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