



IOU Financial Inc.

Corporate Presentation

May 2019

Forward looking statements

Certain information set forth in this presentation 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 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.

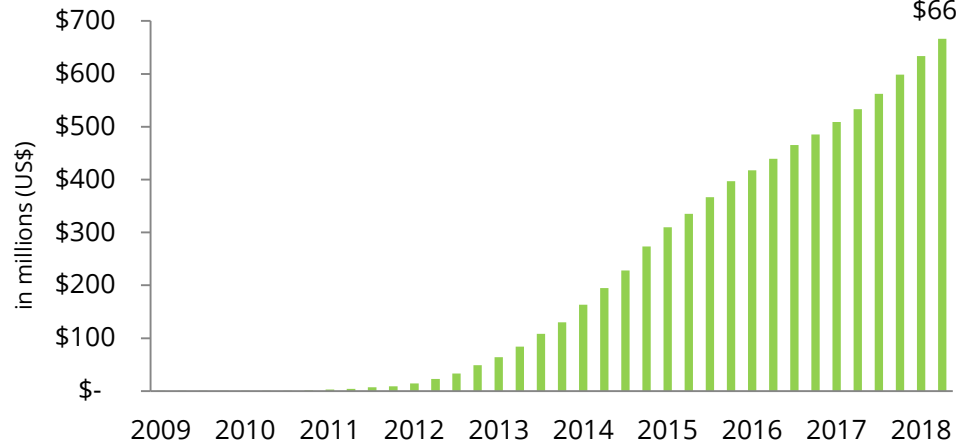
Additional information concerning these and other factors can be found beginning on page 20 under the heading "Risks and Uncertainties" in IOU Financial's Q1 2019 MD&A dated May 23, 2019, which is available under IOU Financial's profile on SEDAR at www.sedar.com. IOU Financial does not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.

A leading online lender to small businesses

- **US\$660+ million** – of total loans originated since inception.
- **9,000+** loans made to merchants and small businesses across the US and Canada.
- **5 consecutive years** on the **PROFIT 500 List** of Canada's fastest growing companies.
- **Proprietary, fully integrated** technology platform.
- **3-5 minute** application process with approved loans funded in as little as 24 hours.

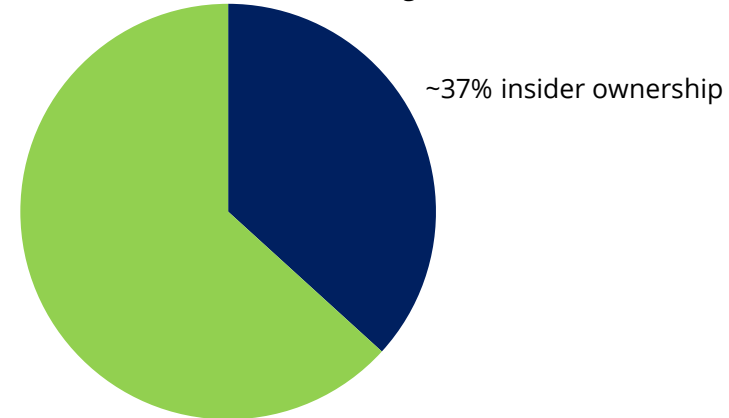
Cumulative loans originated

Q1 19
\$666



Shareholder summary

87.8M total shares outstanding



* Total loan origination volume as of Q1 19 was US\$666.3 million.

Investment highlights

- **Focused on profitable growth**

- IOU originated US\$125M of small business loans in 2018 and US\$133.2M over the TTM period ending Q1 19.
- IOU expects to profitably grow originations by 25%-30% per annum, over the long-term.

- **Unique, proprietary technology platform**

- Allows for industry-leading operating efficiency.

- **Alignment of interests with management and insiders**

- Insiders own approximately 37% of Company's stock.

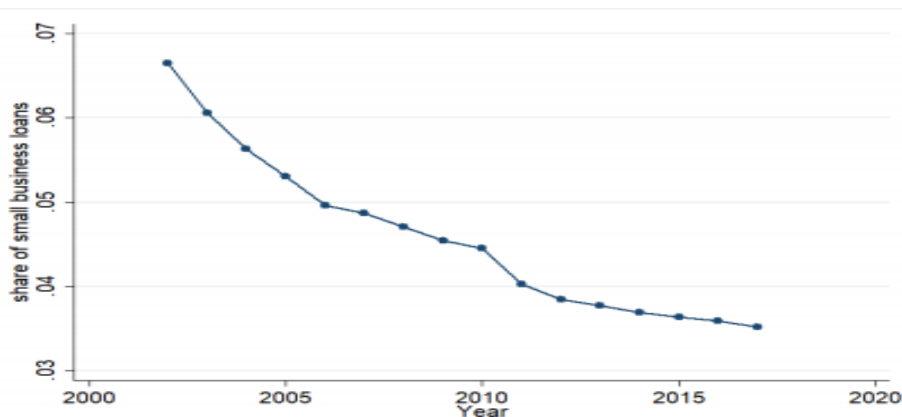
- **Unique exposure to a growing online lending industry**

- IOU is a compelling option for investors seeking exposure to the rapidly growing SMB lending industry.
- One of the only pure-play publicly-traded online lenders to small businesses.

Online lending to small businesses

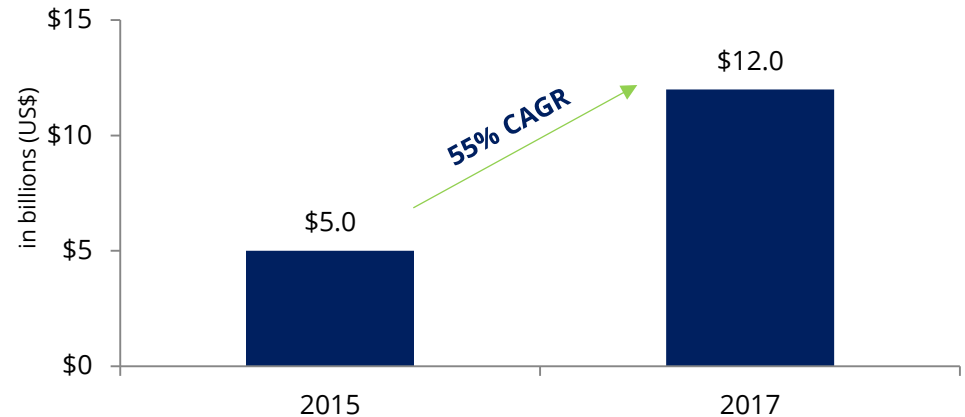
Online lenders will continue to increase their share of the small business lending market.

Small business loans as a share of total US bank loans



Source: Pang, H 2018, *Information Technology Improvement and Small Business Lending* utilizing data from FDIC reports on US depository institutions

Estimated total loan originations by online lenders to US small businesses



Sources: [Harvard Business School](#), [Board of Governors of the Federal Reserve](#)

As banks have exited the SMB lending market, there has been significant growth in online lending to small businesses. SMB loans as a percentage of total bank loans decreased from 6.7% to 3.5% from 2002 to 2017.

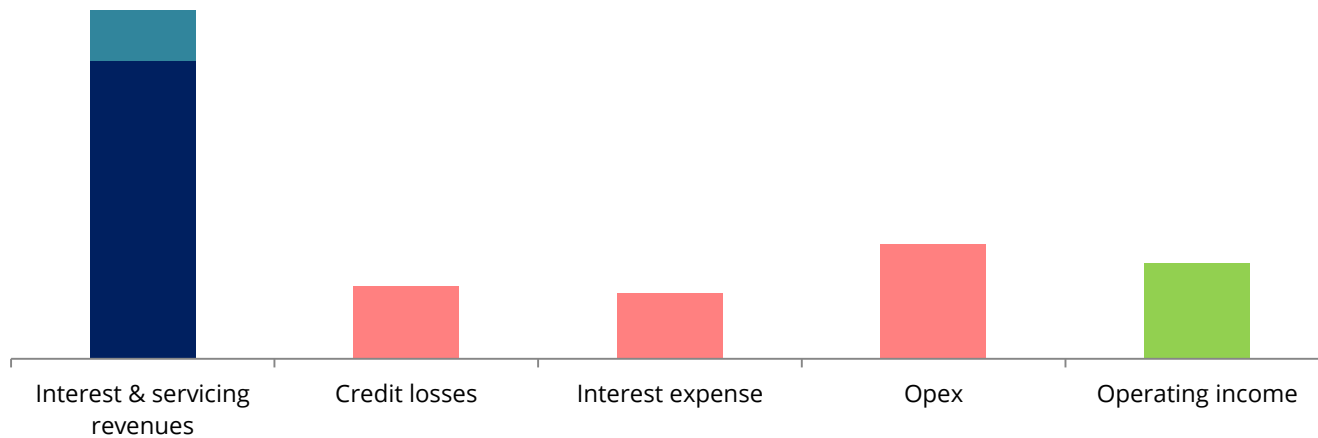
Business model

IOU's business model is simple, scalable and has significant embedded operating leverage.

IOU generates **interest income** from originated loans held on its own balance sheet and **servicing income** from originated loans sold to institutional investors.

The Company's profitability is dependent on its cost of capital, the credit performance of its loan portfolio, and its operating efficiency.

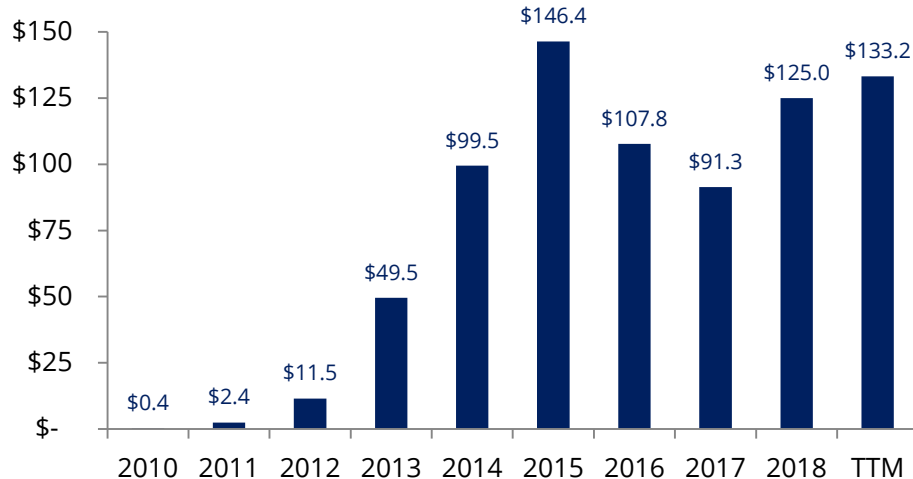
IOU's business model



Loan originations & Loans under management

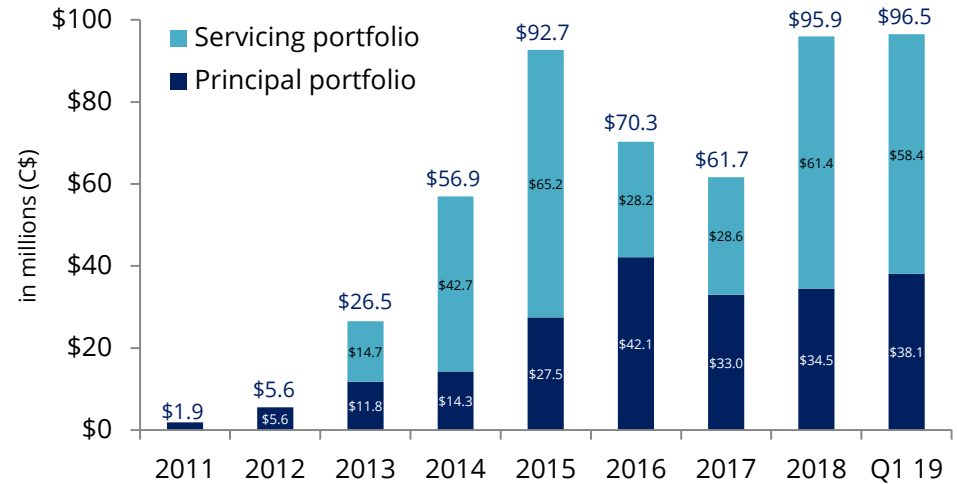
IOU intends to ramp up loan origination growth to 25%-30% per annum over the long-term.

Loans originated



Note: TTM refers to "Trailing Twelve Months" as of Q1 19.

Total loans under management



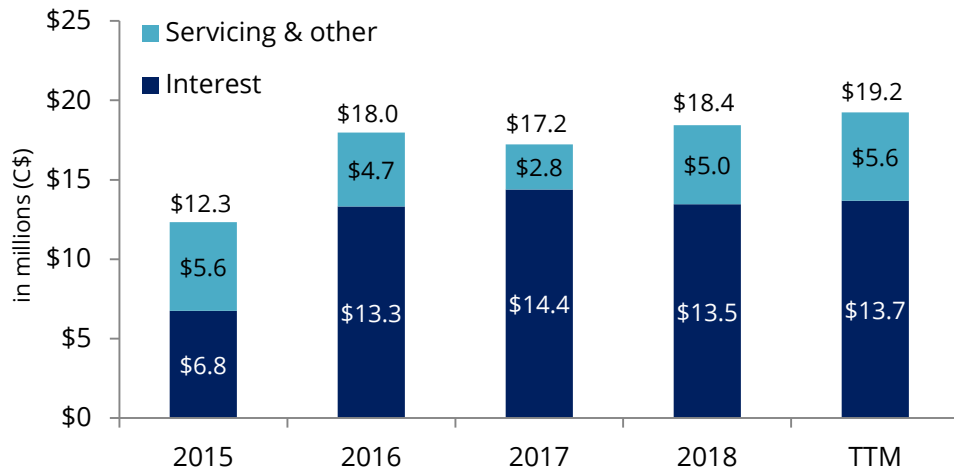
IOU will grow loan originations by:

- Increasing the number of quality loan brokers working with IOU.
- Investing in direct marketing and sales.
- Expanding product offering to serve more SMBs.
- Further geographic expansion into Canada.
- Continuing to add new strategic partners such as banks and payment processors.

Revenues

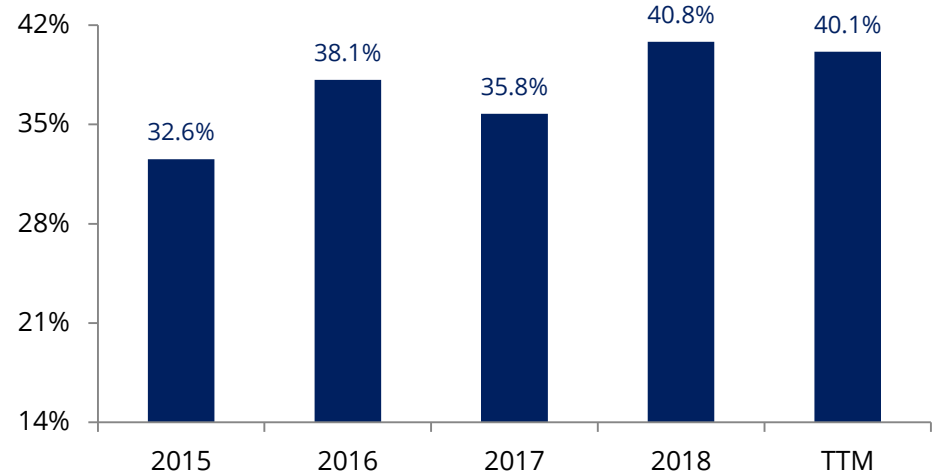
IOU utilizes a hybrid revenue strategy to fully optimize its origination platform.

Breakdown of adjusted revenues



Note: TTM refers to "Trailing Twelve Months" as of Q1 19. Figures may not add due to rounding.

Portfolio yield



Note: 2015 to 2017 portfolio yields calculated under IAS 39; 2018 under IFRS 9.

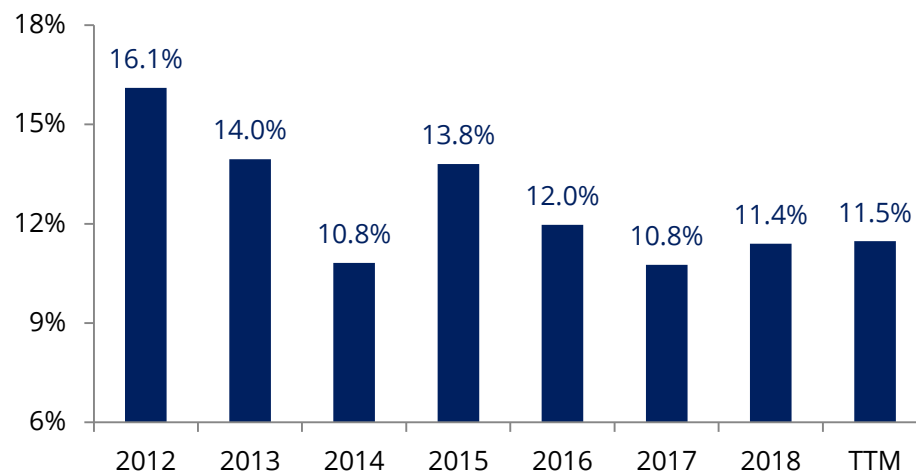
- IOU uses adjusted gross revenue as it eliminates items that do not necessarily reflect how the Company is performing.
- Specifically, it eliminates the non-cash gain on sale of loans and the non-cash amortization of servicing assets which influence operating results depending on the timing and amount of the loan sales.

Note: "Servicing & other" exclude certain non-cash items such as gain on sale of loans & amortization of servicing assets. Servicing fees amounted to \$4.3M; and "other" fees amounted to \$1.3M over TTM period. "Portfolio yield" is calculated by dividing TTM interest revenues by the average 8 commercial loans receivable balance over the period, which is the average of 5 quarterly points in time, including the beginning & end of such period.

Funding sources and interest expenses

IOU has increased its borrowing capacity, diversified its funding sources, and lowered its cost of debt capital over time.

Decreasing average cost of borrowing



Funding source	Type of facility	Size of facility	Funding cost	Maturity date
Convertible debentures	Unsecured corporate	C\$11.5 million	10.0%	12/31/2020
Midcap Financial	Secured term loan + revolver	US\$22 million	1 month USD LIBOR + 8.5%	12/31/2020
Credit Suisse	Secured revolver	US\$50 million	3 month USD LIBOR + 4.5%	03/05/2022

In Q1 19, IOU entered into a 3 year, US\$50 million warehouse credit facility with Credit Suisse, lowering its overall funding costs and further diversifying its funding sources.

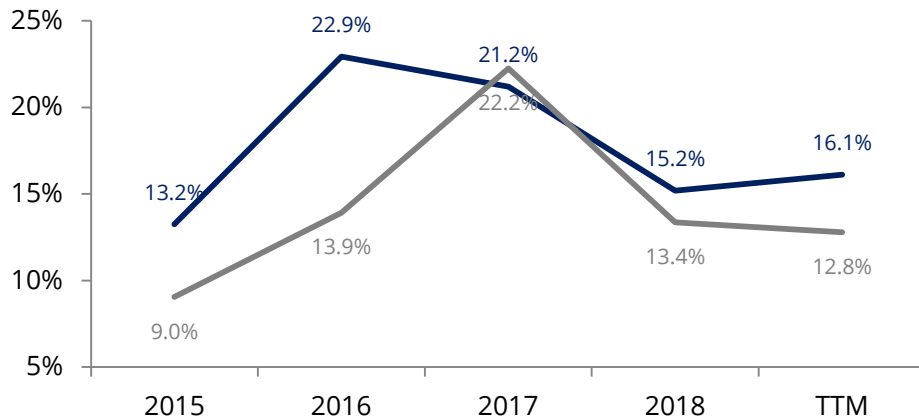
Note: TTM refers to "Trailing Twelve Months" as of Q1 19. As of April 1/19, the 1-month USD LIBOR rate was 2.49% and the 3-month USD LIBOR was 2.6%. The revolving period for the Credit Suisse facility ends Mar.5/21 with an amortization period beginning after the revolving period ending on Mar. 5/22.

Note: "Average cost of borrowing" is calculated as interest expenses divided by the average balance of debt outstanding over such period. The average balance of debt outstanding considers the average of five quarterly points-in-time, including the beginning and end of such period. Interest expenses and the average balance of debt outstanding includes both conv. debenture and credit facility interest expenses and balances.

Credit performance

Provisional credit loss and net credit loss rates have declined since 2016.

Provisional credit loss and net credit loss rates



Note: TTM refers to "Trailing Twelve Months" as of Q1 19.

In Q3 16, **IOU pro-actively implemented the following strategies** to improve its portfolio's credit performance:

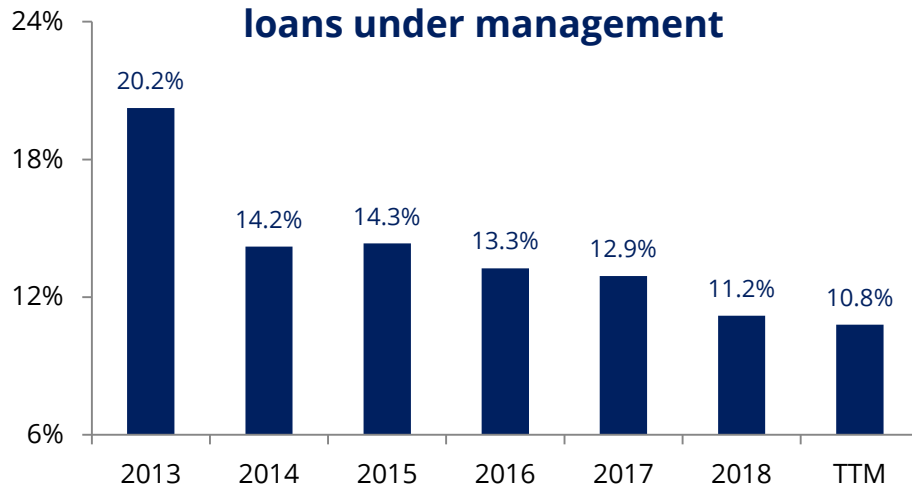
- A tightening of credit oversight.
- An aggressive litigation strategy to pursue intentional defaults by borrowers.
- Improved servicing and collections processes.

These strategies have **improved** IOU's credit performance, as demonstrated by IOU's provisional credit loss and net credit loss rates in 2018 and over the most recent TTM period.

Operating expenses

IOU has demonstrated increasing operating leverage, as adjusted operating expenses as a percentage of loans under management continue to decline.

Adjusted opex as a percentage of loans under management



Note: TTM refers to "Trailing Twelve Months" as of Q1 19.

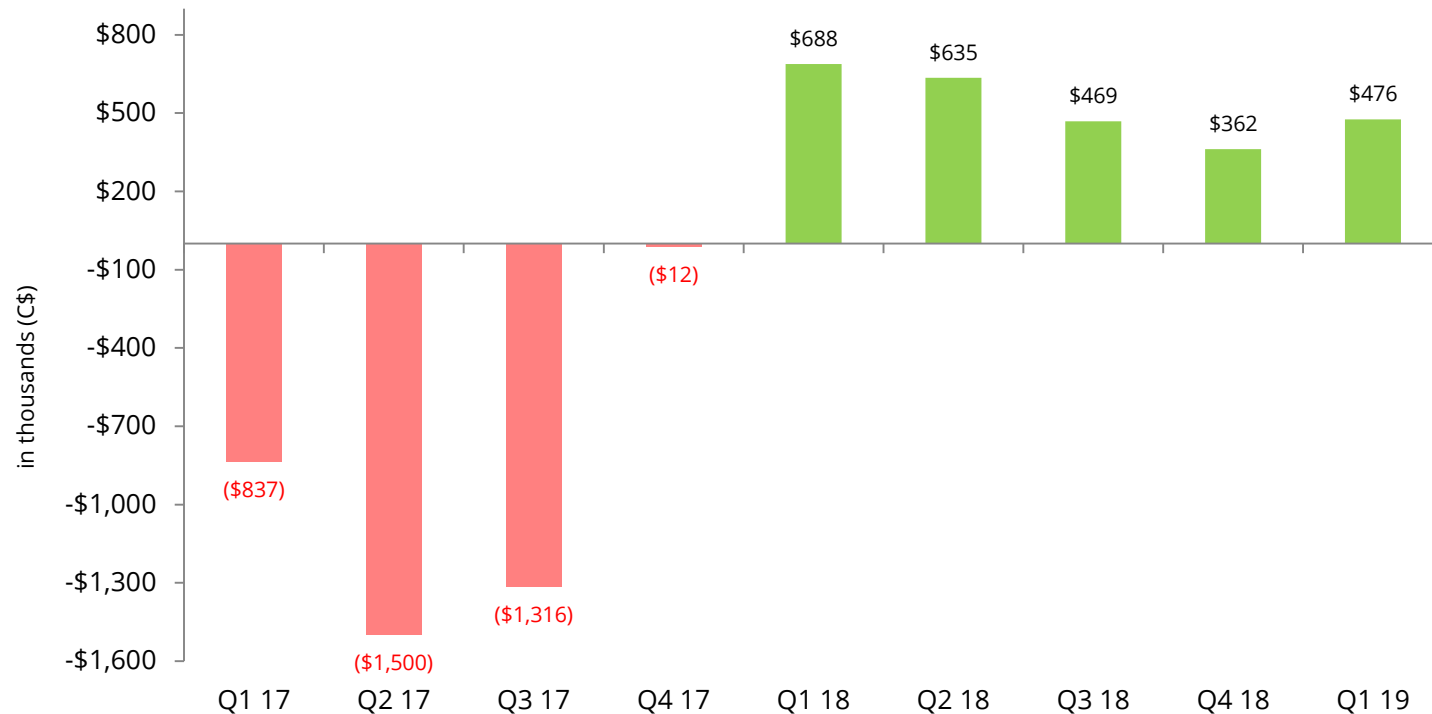
- IOU utilizes an adjusted operating expense ratio as a measure of the Company's operating efficiency.
- The adjusted operating expense ratio has decreased over time as the Company has increased loans under management at a greater rate than operating expenses, demonstrating solid operating leverage.

Note: Adjusted operating expenses calculated as: total operating expenses for the period less stock-based compensation and non-recurring costs. The adjusted operating expense ratio calculated as adjusted operating expenses divided by average loans under management for the TTM period. The average loans under management considers the average of five quarterly points-in-time, including the beginning and end of such period.

Adjusted earnings/(losses)

IOU has successfully executed on its plan to achieve profitability.

Quarterly adjusted earnings/(losses) since 2017



Note: IOU uses adjusted net earnings as a measure of financial performance. Beginning in Q1 19, the calculation of adjusted net earnings was revised and is defined as net earnings for the period less gain on sale of loans, plus: amortization of servicing assets, stock-based compensation and non-recurring costs. Prior to Q1 19, the calculation of adjusted net earnings (net loss) was defined as net earnings (net loss) for the period less: gain on sale of loans and income tax recovery, plus: amortization of servicing assets, stock-based compensation, amortization of transactions costs-credit facility, depreciation & amortization, income tax expense and non-recurring costs. As a result, the prior comparative periods have been calculated to reflect the revised definition.

Proven & experienced team



Phil Marleau, CFA
Chief Executive Officer
Former equity research analyst at
Merrill Lynch, CSFB, Scotia Capital



Robert Gloer
President & COO
Former SVP East Region
at First Franklin Financial



David Kennedy, CPA, CA
Chief Financial Officer
Former CFO at Dale Parizeau Morris
Mackenzie & CFO at Mirabaud Canada



Benjamin Yi, CFA
Capital Markets & Corp. Dev.
Former Investor at Dundee Corp &
1832 Asset Management L.P.



Madeline Wade
VP, Operations
Formerly underwriting
at First Franklin Financial



Jeff Turner
VP, Credit & Compliance
Former VP & Branch Manager
at First Franklin Financial



Mark Schrews
VP, Wholesale
Former nuclear weapons technician
at US Navy & broker at Metro Brokers



Christophe Choquart, MBA
VP, BD & Strategic Partnerships
Former institutional equity sales
at Bear Stearns & Lehman Bros

Trading comparables

Fintech & Specialty finance companies		Valuation			Price-to-sales			Price-to-earnings		
Company	Ticker	Share price	Shares outstanding	Market cap	TTM Revenues	TTM RevPS	Trailing P/S	TTM Earnings	TTM EPS	Trailing P/E
Commercial lenders										
On Deck Capital (US\$)	NYSE:ONDK	\$4.34	74.6	\$323.6	\$418.3	\$5.61	0.8x	\$35.5	\$0.48	9.1x
Funding Circle Holdings (£)	LSE:FCH	£2.53	271.3	£685.0	£141.9	£0.52	4.8x	-£49.3	-£0.18	-
Chesswood Group (C\$)	TSX:CHW	\$10.16	16.8	\$170.8	\$116.2	\$6.91	1.5x	\$20.1	\$1.19	8.5x
Accord Financial (C\$)	TSX:ACD	\$9.58	8.3	\$79.8	\$49.5	\$5.94	1.6x	\$10.8	\$1.29	7.4x
Commercial lenders avg	-	-	-	-	-	-	2.2x			8.3x
Consumer lenders										
LendingClub (US\$)	NYSE:LC	\$3.13	423.2	\$1,324.8	\$717.6	\$1.70	1.8x	-\$117.1	-\$0.28	-
Enova International (US\$)	NYSE:ENVA	\$22.51	33.5	\$753.7	\$1,153.0	\$34.44	0.7x	\$77.2	\$2.31	9.8x
Goeasy Corp. (C\$)	TSX:GSY	\$50.22	15.7	\$787.0	\$531.3	\$33.90	1.5x	\$60.3	\$3.85	13.0x
Elevate Credit (US\$)	NYSE:ELVT	\$4.35	43.4	\$188.8	\$782.6	\$18.03	0.2x	\$16.4	\$0.38	11.5x
Mogo Finance Tech (C\$)	TSXV:MOGO	\$5.00	22.9	\$114.6	\$63.3	\$2.76	1.8x	-\$23.1	-\$1.01	-
Axis Auto Finance (C\$)	TSXV:AXIS	\$0.435	96.9	\$42.2	\$28.0	\$0.29	1.5x	-\$5.3	-\$0.05	-
Consumer lenders avg	-	-	-	-	-	-	1.3x			11.4x
Overall average	-	-	-	-	-	-	1.9x			9.9x
IOU Financial (C\$)	TSXV:IOU	\$0.245	87.8	\$21.5	\$19.6	\$0.22	1.1x	\$2.7	\$0.03	7.9x

Source: Company reports. TTM refers to "Trailing Twelve Months" as of 3/31/19 for all companies except FCH and AXIS, which are as of 12/31/18. Share prices reflect closing prices on 05/28/19.



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