Performance Report

Q2 2014

root capital

OVERVIEW

Root Capital had a strong second quarter, further ringing in our 15th anniversary with healthy earned revenue and a record-high portfolio balance. The main drivers of this positive performance in Q2 were a steady increase in our Central American operations, as well as threefold annual growth of the portfolio in West Africa on the back of strong cocoa and cashew lending. In our Sustainable Trade Fund, we achieved an increase in both the number of clients reached and the average balance per client. This strong lending activity helped us reach 233 small and growing businesses that are improving livelihoods for 446,000 smallholder producers in Latin America and Africa.

Portfolio Performance: Sustainable Trade Fund

At the end of Q2, the outstanding portfolio balance of the Sustainable Trade Fund (STF) was $90.8 million, 41 percent above the outstanding balance in Q2 2013. At $46.7 million, total disbursements in the STF during the quarter were 36 percent higher than target and 38 percent above Q2 2013. For the first half of 2014, total disbursements were $89.2 million, 44 percent above target. In the STF, we reached 209 clients by quarter-end, up 21 percent from the end of Q2 2013, and the average balance per client also increased from $398,000 in Q1 to $414,000 in Q2.

In Latin America, Root Capital disbursed $28.4 million in Q2, 17 percent above the target of $24.2 million. The outstanding portfolio balances for South America and Central America, respectively, were $34 million and $22.3 million at quarter-end. As the coffee season in Mesoamerica wound down in early Q2, the regional portfolio balance decreased by 42 percent from the end of Q1. Regardless, the quarter-end balance was 33 percent above target and 48 percent above the same period last year. This was due to a combination of factors, including a delayed coffee harvest in Mexico that caused more loans to remain outstanding throughout the quarter, a stronger-than-expected need for financing in the Nicaraguan and Guatemalan coffee markets and increased new client acquisition in Honduras, particularly to private exporters sourcing from smallholders.

In Africa, STF disbursements continued to grow at a strong pace, reaching $18.3 million in Q2, a 27 percent increase over last quarter. Disbursements to cocoa and cashew clients in West Africa drove this growth. At the end of the quarter, the West Africa portfolio grew to $15.7 million, up from $11 million at the end of Q1. The outstanding portfolio balance in East Africa was $18.7 million, up 63 percent from Q2 2013. This was the result of a good coffee season in Rwanda and our expanding lending activity in Tanzania and the Democratic Republic of Congo.

Throughout Q2, we continued expanding our engagement in new industries and our presence in new geographies. The percentage of coffee loans in the STF decreased from 70 percent at the end of Q2 2013 to 52 percent at the end of Q2 2014, reflecting our increased diversification into other industries such as cashews, cocoa and quinoa.

Portfolio Performance: Frontier Portfolios

Disbursements to clients in the Frontier Portfolios totaled $197,000 in Q2, bringing the year-to-date disbursements to $3.7 million. Q2 disbursements were 87 percent below the Q2 target due to a change in market conditions and the subsequent deferment of one large loan. We are, however, still slightly above our year-to-date disbursement target. We expect disbursements within the Frontier portfolio to pick up later this year based on a combination of renewal loans and new loans tied to peak harvest seasons in East and West Africa. At the end of the quarter, the outstanding balance of our Frontier Portfolios was $5 million, slightly below target, but 97 percent above last year's Q2 balance. During Q2, we surpassed $10 million in cumulative lending in the active Frontier Portfolios (Innovation, Food Security & Nutrition, and Haiti Portfolios), of which more than $5 million has been disbursed in the past year.

Portfolio Quality

We ended Q2 with a Portfolio-at-Risk (PAR) greater than 90 days of 3.6 percent in the STF. The total outstanding balance at risk increased from $1.6 million in Q1 to $3.2 million in Q2, primarily due to the downgrade of two loans to a coffee client in Tanzania, totaling $1.7 million (a short-term working capital loan and a five-year term loan to finance the construction of a processing plant). The client's new processing plant will save costs and eliminate the need to use third party processors, which have been unreliable. Processing delays last year caused the buyer to cancel the client's contracts when orders could not be fulfilled on time. At the same time, the precipitous decline in coffee prices that occurred throughout 2013 made it difficult for the client to find cost-effective replacement contracts, and the client was then unable to meet its payment obligations. We are actively working with the client to restructure the loan balances, and made the decision to downgrade the loans in light of the complexity and delays in the restructuring process.

In the inherently riskier, smaller and more dynamic Frontier Portfolios, PAR over 90 days increased to 8.1 percent, up from 2.9 percent at the end of last quarter. This increase was primarily due to the downgrade of a $270,000 loan to a rice processor in Ghana that is in need of restructuring due to significant below-target performance. The loan represented 67 percent of the PAR-over-90-day balance within the Innovation Portfolio, and we are working with the client to reach a restructuring agreement. Due to the relatively small size of the Frontier Portfolios, one loan can significantly impact the percentage of the portfolio at risk.

In the STF, the Loan Loss Ratio, a 12-month trailing ratio, decreased from 4.9 percent at the end of Q1 2014 to 3.7 percent at the end of Q2. Two loans were written off during the quarter, a $92,000 cocoa loan in the Dominican Republic and a $95,000 coffee loan to a client in Peru. Increased collection efforts on written-off loans within the STF have been successful, with 2014 recoveries amounting to $248,000, including $130,000 from a timber client in Bolivia. The Frontier Portfolios had a negative Loan Loss Ratio of 1.5 percent. This was driven primarily by $146,000 in funds recovered over the past four quarters. In the Haiti portfolio, one $117,000 cocoa loan was written off in Q2.

Financial Advisory Services

In Q2, our Advisory team provided 400 days of training to nearly 190 clients, bringing the year-to-date total to 587 financial advisory days. This represents 39 percent of the full-year target, and we expect engagements to pick up in the next half of the year. Over half of the clients receiving financial training were existing clients within our lending portfolio (107 clients, or 56 percent of the total groups trained). Financial Advisory Services (FAS) activity expanded to new geographies during the second quarter, including four diagnostics and a four-day training workshop on financial literacy targeting quinoa groups in Bolivia. In West Africa, the team conducted a three-day training workshop in Burkina Faso, our first in the country. The nine participating groups, including three from neighboring Mali, were all in the dried fruit and/or vegetable industries. Our West Africa FAS team plans to begin on-site activities throughout the second half of the year.

The Coffee Farmer Resilience Initiative (CFRI), a collaborative venture that combines long-term lending to finance the pruning, maintenance and replacement of diseased coffee trees affected by the coffee leaf rust fungal disease with short-term trade credit, financial management training, climate-smart agronomic assistance and household-level income diversification, was in full swing during the first half of the year. By the end of Q2, we had approved six CFRI loans, totaling $5.1 million. Through our Advisory Services, we successfully hired two additional trainers in Guatemala and Peru, respectively, to manage CFRI activities, specifically related to agronomic assistance, and have identified eight additional organizations in Guatemala, Honduras and Nicaragua that will be incorporated under the Internal Credit System component of the engagement during 2014. In Q2, we saw a dramatic shift in demand for training related to internal credit system management, long-term financial planning, and price risk management as a direct result of the coffee leaf rust and price volatility. The CFRI engagement is designed to address these areas of increasing urgency.

Debt Fundraising

We ended the quarter with $93.6 million in total debt under management, a 13 percent increase over Q1 2014. Due to strong portfolio growth, we increased our total debt balance, with great support from our partners and investors, over the first half of 2014 to enable us to meet increased lending needs. Since the beginning of 2014, our notes payable portfolio has increased by $23.5 million, and our capital utilization increased to 87 percent, up from 83 percent at the end of 2013, and up from 69 percent at the end of Q2 2013.

Catalyze Strategy

At the beginning of the quarter, Root Capital and six other impact-first agricultural lenders announced the launch of the Council on Smallholder Agricultural Finance (CSAF), an industry council committed to promoting the development of a financial market to serve the financing needs of small and growing agricultural businesses. During the Specialty Coffee Association of America (SCAA) annual conference in April, representatives from each of the seven CSAF members, along with the Financial Alliance for Sustainable Trade and the Initiative for Smallholder Finance, participated in a lunch panel hosted by the Bill & Melinda Gates Foundation on the future of smallholder agricultural finance. CEO Willy Foote served as Root Capital's representative to CSAF in front of an audience that included agricultural businesses, corporate buyers of agricultural products and value chain partners. Willy Foote also participated in a plenary panel at the SCAA event, joining representatives from the Multilateral Investment Fund of the Inter-American Development Bank and Sustainable Harvest to share learning from our efforts to create a resilient coffee supply chain.

Operations Note

On page 25, readers will see a non-operating loss of $697,594.50 in the financial statements. This was due to an erroneous wire transfer made to the account of a former client in Peru that did not immediately return the funds. We are in communication with the management and board of directors of the enterprise and are in the process of negotiating an agreement. Since we did not have visibility into a solution at the close of the quarter, we have been conservative in reporting the funds as a non-operating loss. In parallel to these efforts, we have moved swiftly to remedy the process issues that led to the errant transfer, taking additional steps to ensure that this type of process failure does not recur.

15th Anniversary

This summer marks 15 rewarding years of working towards Root Capital’s vision of building rural prosperity for smallholder farmers around the world. Our collective efforts, insights and innovations over these years have borne fruit and we are gratified to take stock of the impact Root Capital has achieved: $700+ million in financing to 500+ businesses, representing more than 750,000 farmers and 4 million household members who are sustainably farming over 1.4 million hectares of land. We look forward to sharing the results of our efforts with all of our supporters in the quarters to come and to celebrating this anniversary moment with all of the supporters who make our work possible.

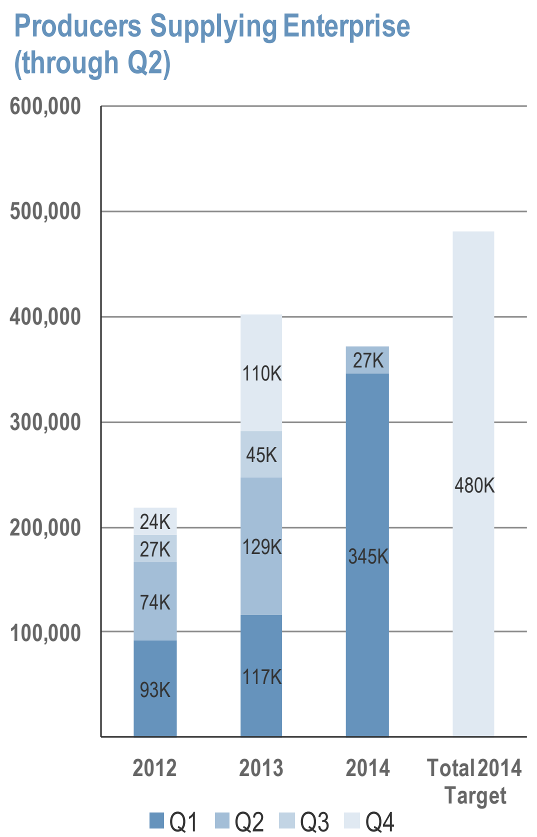
Q2 2014 DASHBOARD*

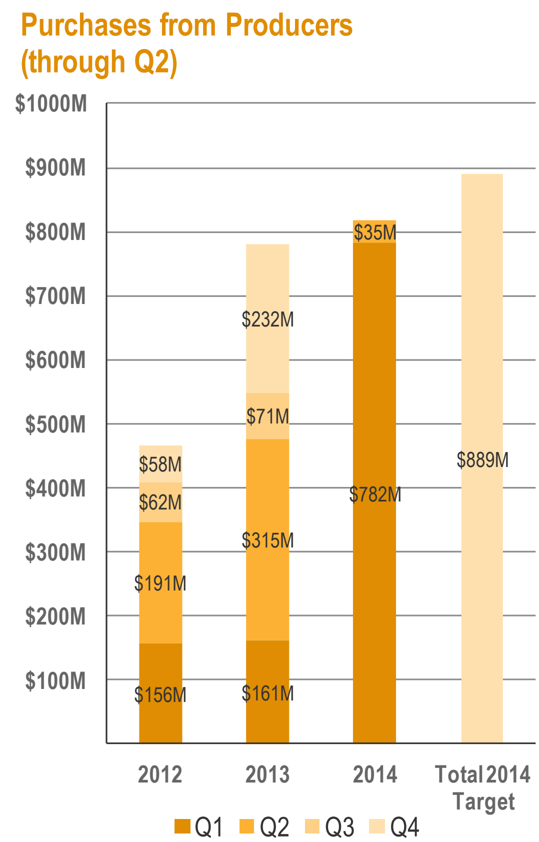
Metric	Result	Target	Results as % of Target	Page
Social and Environmental Metrics				
Number of Producers Reached	446K	642K for 2014	69%	
Producers supplying enterprise	372K	480K for 2014	77%	6
Producers buying inputs	74K	162K for 2014	46%	6
Purchases from Producers	$817M	$889M for 2014	92%	6
Total Revenue of Rural SGBs	$973M	$1B for 2014	91%	7
Sustainable Hectares under Management	591K	891K for 2014	66%	7
Lending Program				
Loan Disbursements	$92.9M	$65M through Q2	142%	
Sustainable Trade Fund	$89.2M	$62M through Q2	144%	8
Frontier Portfolios	$3.7M	$3.5M through Q2	107%	13
Outstanding Portfolio Balance**	$95.8M	$82M through Q2	117%	
Sustainable Trade Fund	$90.8M	$76.5M through Q2	119%	8
Frontier Portfolios	$5.0M	$5.5M through Q2	90%	13
Number of Clients Reached	233			
Sustainable Trade Fund	209			10
Frontier Portfolios	24			
Average Outstanding Balance per Active Loan**	$357K			
Sustainable Trade Fund	$383K			10
Frontier Portfolios	$161K			
Portfolio-at-Risk Over 90 Days**	3.8%	5.2% for 2014	73%	
Sustainable Trade Fund	3.6%	5.1% for 2014	71%	11
Frontier Portfolios	8.1%	6.4% for 2014	127%	15
Loan Loss Ratio**	3.4%	3.9% for 2014	87%	
Sustainable Trade Fund	3.7%	3.8% for 2014	97%	11
Frontier Portfolios	-1.5%	4.6% for 2014	-32%	15
Financial Advisory Services (FAS)				
Number of Groups Served by FAS	190	198 for 2014	96%	17
Days of Training Delivered	587	1510 for 2014	39%	17
Catalyze Program				
Overview of Catalyze Program	See page 18 for discussion of Catalyze Program			
Operating Results**				
Total Operating Expense	$7.1M	$8.1 through Q2	88%	20
Debt to Equity	4.03	3.40 through Q2	118%	22
Capital Utilization	87.0%	80% through Q2	109%	22
Fundraising Results				
Outstanding Debt Balance	$93.6M	$88M for 2014	107%	21
Contributions Raised	$9.5M	$12.5M for 2014	76%	21

**All figures are representative of total cross-portfolio performance unless otherwise specified*

***Figures represent performance at end of quarter*

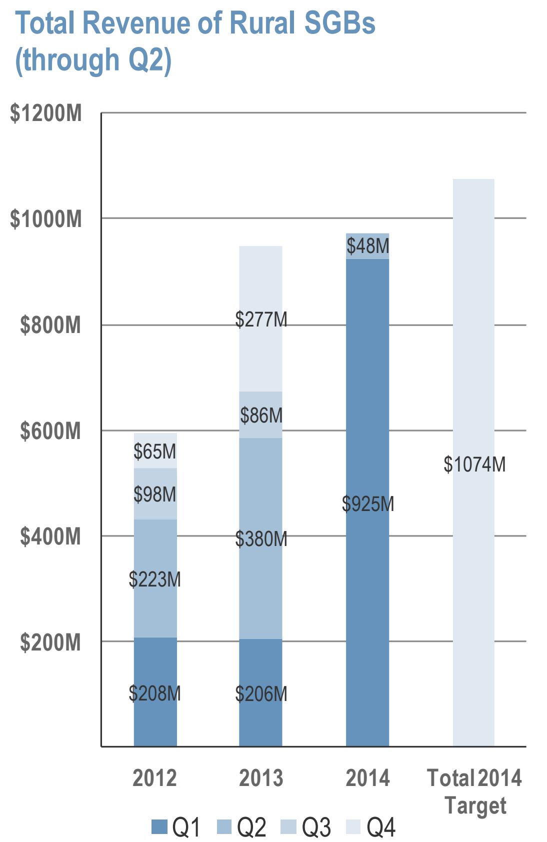
SOCIAL AND ENVIRONMENTAL METRICS

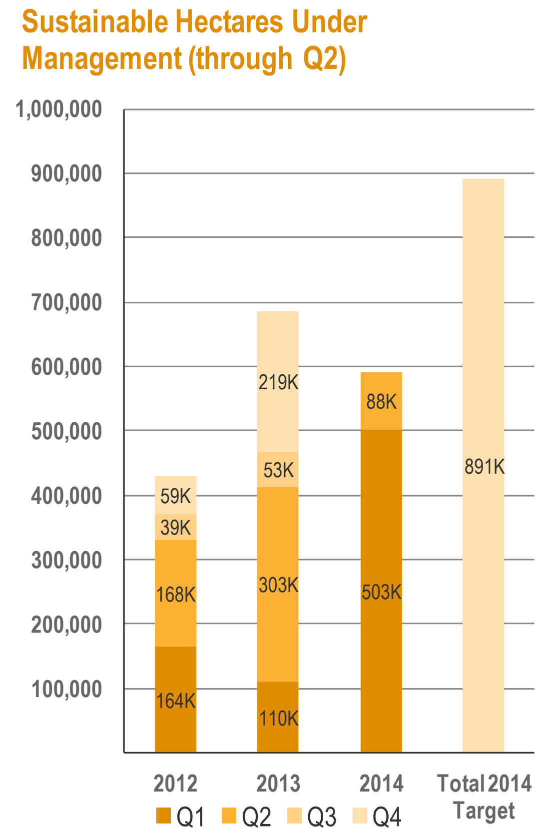




- Through Q2 2014, we reached 372K producers supplying to the enterprise, compared to 247K producers supplying to the enterprise in the same time period last year.
- Of all the producers supplying to the enterprise through Q2 2014, 100K, or 27%, were women.
- We appeared to reach fewer additional clients in Q2 2014 compared to Q1, in part because 72% of our client enterprises reached in Q1 had an outstanding balance from loans closed in late 2013.
- Through Q2 2014, we reached 74K producers buying inputs such as agro-inputs or post-harvest handling services from the enterprise.

- "Purchases from producers" is the total amount that our client enterprises paid to their small-scale suppliers.
- Through Q2 2014, our clients purchased an estimated $817M of agricultural product from their producers, which is 70% higher than in the same time period last year. This increase is partially due to an increase in the number of clients reached and partially due to a handful of these clients being larger, with revenues above $10M. Through Q2 2014, we reached 233 clients, compared to 191 clients in the same time period last year.
- The average payment per producer through Q2 2014 was $2K.





- Clients reached through Q2 generated an estimated $973M in total revenue, which was 66% higher than in the same time period last year, in which we reached relatively fewer clients. The average revenue per enterprise was $4.2M; however, the median revenue per enterprise was substantially lower at $1.1M, reflecting that we continue to focus most of our lending activity on earlier stage enterprises with limited access to finance.

- In Q2 2014, client enterprises represented an estimated 591K hectares of sustainably managed agroforestry and agricultural lands, with an average of 2 hectares per producer.

Please note the following changes in our impact reporting terminology and methodology

"Producers Supplying Enterprise" refers to what was previously "Producers Reached Directly" (i.e., producers selling their harvest to the enterprise). "Producers Buying Inputs from Enterprise" refers to what was previously "Producers Reached Indirectly" (i.e., producers benefiting from goods and/or services sold by the enterprise such as seeds or post-harvest handling). We report on these two metrics separately because while some enterprises reach tens of thousands of producers buying inputs from the enterprise, the impact of selling a drought-resistant seed variety to farmers is different from that of linking farmers to markets.

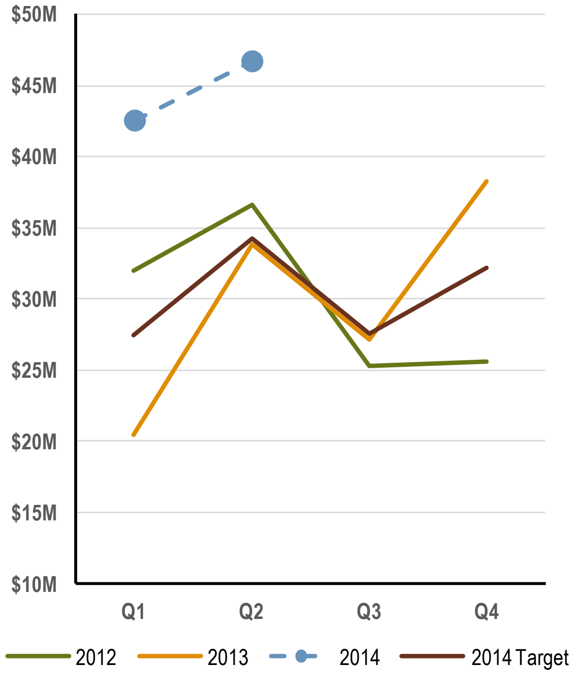
In Q4 2013, we began to report social metrics for "clients reached" to more accurately capture the number of businesses reached by our capital. Clients reached are clients that had an outstanding balance at any point in the quarter and that were not at risk. This includes clients that did not receive a disbursement in the quarter. This is a cumulative metric; clients are added to the annual total in the quarter they are first reached.

In Q1 2014, a disproportionately large Central American client reporting revenue over $300M and sourcing from 35K smallholder producers entered the STF portfolio, and in Q2 2014, a disproportionately large East African client that reported sourcing from 85K producers entered the STF portfolio. We did not report on these two clients' social metrics because their size makes them distortionary outliers in our portfolio of 233 clients reached through Q2 2014.

SUSTAINABLE TRADE FUND

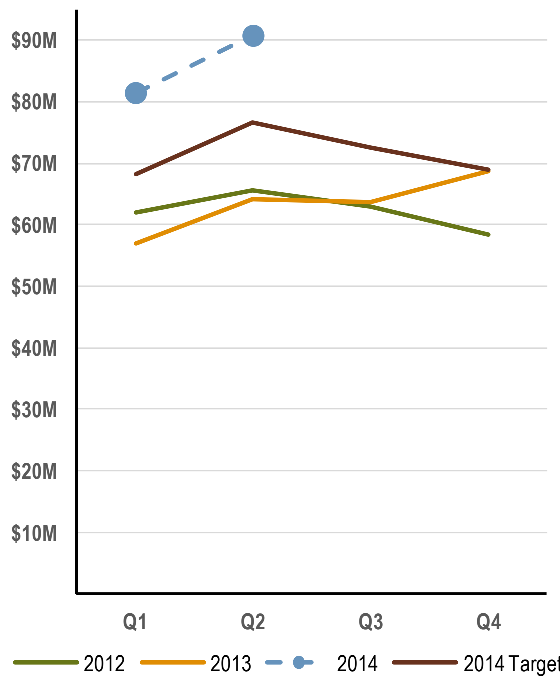
Portfolio Performance

Loan Disbursements by Year



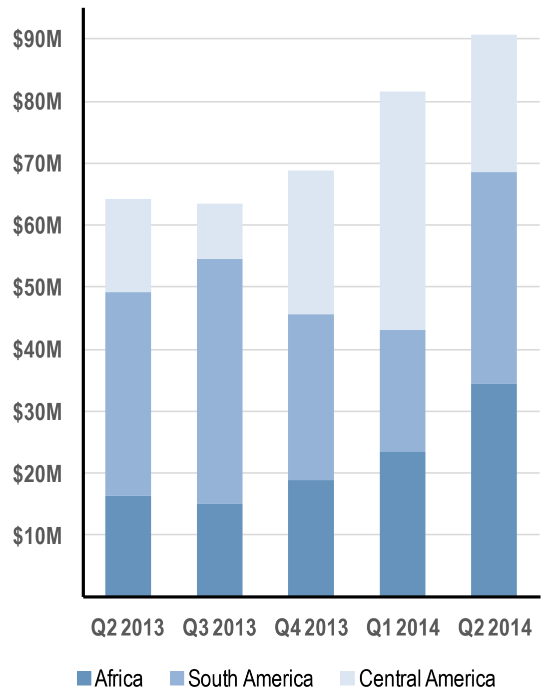
- $46.7M was disbursed in Q2, 36% above the target of $34.2M for the quarter and a 38% increase over Q2 2013. Cumulative disbursements for 2014 are $89.2M, 44% above target and 64% above last year.
- With the start of the coffee harvest season in South America in Q2, disbursements in the region were $19.7M, 4% below the target of $20.5M and 14% less than the $22.8M disbursed last year in Q2.
- West African disbursements were $9.6M in Q2, well above the target of $2M and the $3.3M disbursed last year in Q2. Expansion in the cocoa and cashew industries was the main driver of disbursement growth in the region.
- Central America and East Africa both surpassed their Q2 disbursement targets. $8.7M was disbursed in Central America in Q2, well above the target of $3.7M and the $3.1M disbursed in Q2 2013. $8.7M was disbursed in East Africa in Q2, 11% above target and 87% above Q2 2013.

Outstanding Portfolio Balance by Year



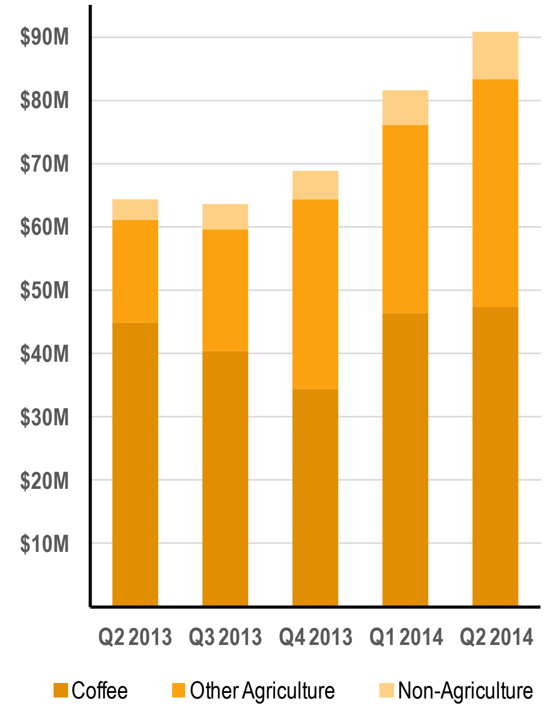
- At the end of Q2, the outstanding balance was $90.8M, 19% above the $76.5M target for the quarter and 41% above the balance the same time last year.

Outstanding Balance by Region (Trailing 5-Quarter)



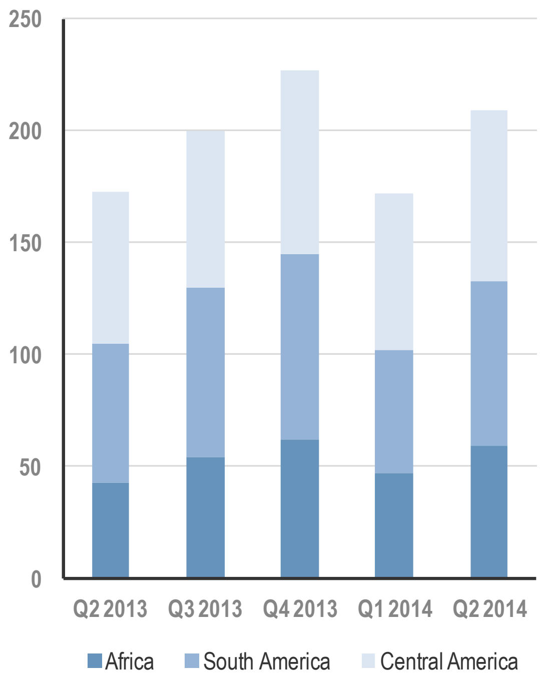
- The South America portfolio grew from $19.7M at the end of Q1 to $34.1M at the end of Q2, which was 4% higher than projected and 4% above the same time last year. The start of the South American coffee harvest in Q2 was the impetus for the growth in outstanding balance.
- The Central America portfolio balance decreased by 42% from the end of Q1, from $38.4M to $22.3M. This decrease is in line with the cyclical pattern in Central America driven by the coffee harvest season. The quarter-end balance was 33% above projections and 48% above the same period last year.
- West Africa's outstanding balance at the end of Q2 was $15.7M, up from $11.1M at the end of Q1. The quarter-end balance was 55% higher than projected and well above the $4.9M quarter-end portfolio balance in Q2 2013.
- The East Africa portfolio balance was $18.7M at the end of Q2, 13% above the projection of $16.5M and up 63% from the same time last year.

Outstanding Balance by Industry (Trailing 5-Quarter)



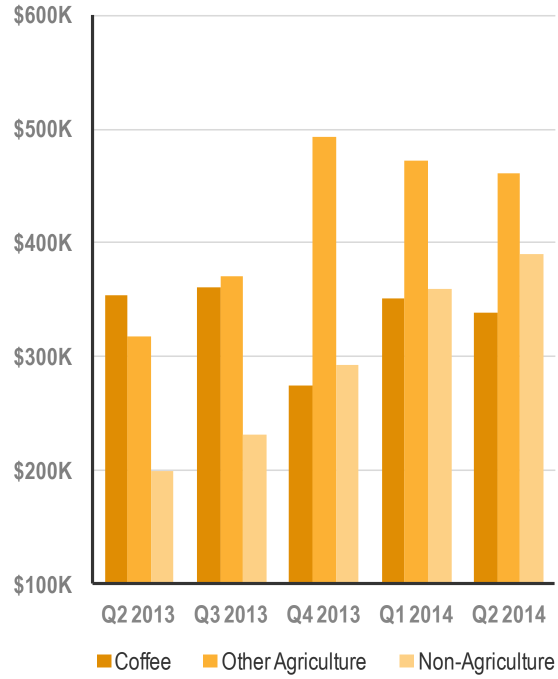
- Coffee loans accounted for 52%, or $47.5M, of the $90.8M portfolio. The percentage of coffee loans in the Sustainable Trade Fund decreased from 70% at the end of Q2 2013 as we continue to diversify into other industries.
- Other Agriculture loans totaled $35.9M, or 40% of the Sustainable Trade Fund at the end of Q2, up from 25% in the same period last year. The three largest industries were cashews ($10.5M), cocoa ($8.3M) and quinoa ($2.3M.)
- The Non-Agriculture sector consists of loans to industries such as aquaculture, handcrafts, and local financial institutions that make microloans to farmers. This portfolio remains a very small portion of the total portfolio, with $7.4M outstanding, or 8% of the portfolio.

Number of Clients Reached by Region



- Root Capital considers a client "reached" if it had an outstanding balance at any point in the quarter and was not at risk as of quarter end. The number of clients reached is a cumulative metric. Clients are added to the annual total in the quarter in which they are first reached.
- Root Capital reached 209 clients through Q2, an increase of 21% from the 173 clients reached during the same period last year.
- In Central America, 76 clients were reached through Q2, a 12% increase from the 68 clients reached through Q2 2013.
- 74 clients were reached in South America, an increase of 19% from the 62 clients reach last year during the same period.
- 18 clients were reached in West Africa through Q2, well above the seven clients reached through Q2 2013.
- In East Africa, 41 clients were reached through Q2, an increase of 14% from the 36 clients reached through Q2 2013.

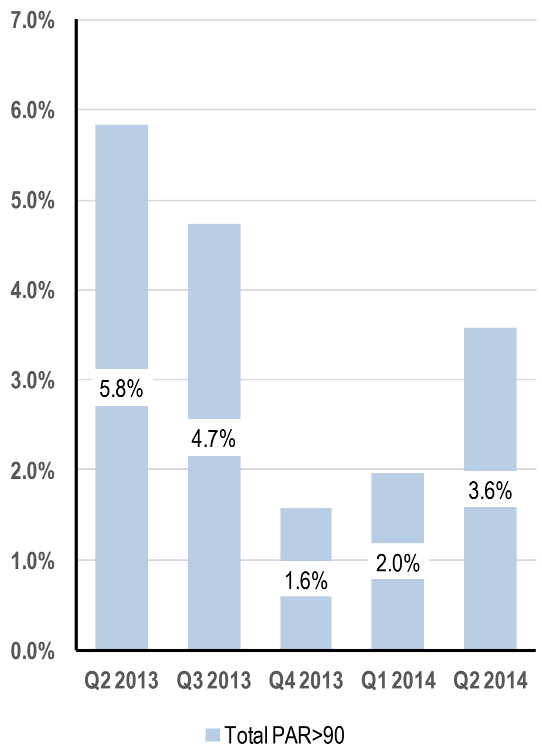
Average Outstanding Balance per Active Loan



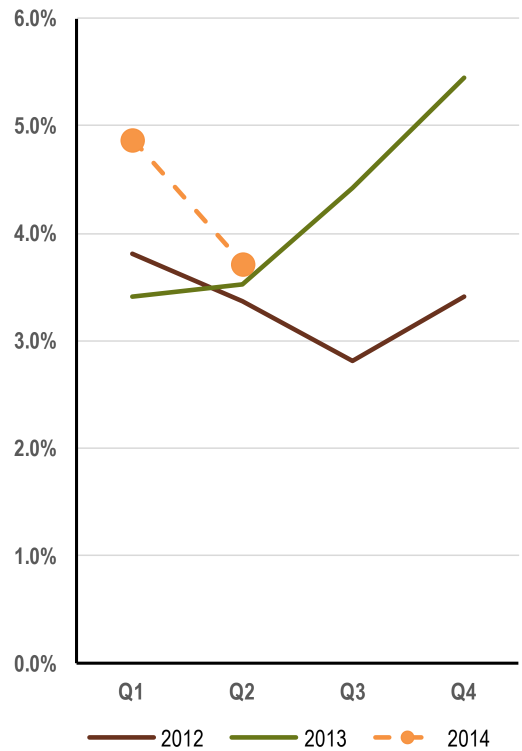
- The average Coffee loan outstanding decreased slightly from $351K at the end of Q1 to $339K at the end of Q2.
- The average Other Agriculture loan outstanding decreased by 2% from last quarter to $461K per loan.
- The average loan size in Non-Agriculture loan outstanding was $390K at the end of Q2, a 9% increase from the end of Q1.

Portfolio Quality

Portfolio at Risk > 90 Days



Loan Loss Ratio (Trailing 12 month average)



- ➔ The Portfolio at Risk (PAR) over 90 days was 3.6% at the end of Q2, up from 2% at the end of Q1. The total outstanding balance at risk increased from $1.6M to $3.2M.
- ➔ PAR over 90 days in East Africa increased from 3.1% ($376K) at the end of Q1 to 10.3% ($1.9M) in Q2. The increase in PAR was due primarily to the downgrade of two loans to a coffee client in Tanzania.
- ➔ The outstanding balance in PAR over 90 days in South America increased from $486K in Q1 to $671K in Q2 due to the downgrade of a dried fruit loan in Peru. However, the percentage of the total portfolio in PAR decreased from 2.5% in Q1 to 2% in Q2.
- ➔ PAR over 90 days in Central America was 2.3% ($506K) at the end of Q2. The outstanding balance in PAR decreased from $593K at the end of Q1 due to the write off of a cocoa loan in the Dominican Republic during Q2.
- ➔ PAR over 90 days in West Africa remained consistent from last quarter and ended Q2 at 1% ($151K).

- ➔ The Loan Loss Ratio decreased from 4.9% at the end of Q1 to 3.7% at the end of Q2.
- ➔ The Loan Loss Ratio in Central America at the end of Q2 was 6.8%, down from 7.6% at the end of Q1. One $92K loan to a cocoa client in the Dominican Republic was written off in Q2.
- ➔ The Loan Loss Ratio in South America was 2.4%, down slightly from 2.6% at the end of Q1. One $95K loan to a coffee client in Peru was written off in Q2.
- ➔ The Loan Loss Ratio for West Africa was 5% at the end of Q2. No loans were written off in Q2.
- ➔ The Loan Loss Ratio in East Africa was 0.4% at the end of Q2. No loans were written off in Q2.
- ➔ $347K was recovered over the past four quarters for loans previously written off, of which $130K was recovered in Q2 from a loan to a timber client in Bolivia.

Sustainable Trade Fund Financial Results & Analysis

	Sustainable Trade Fund			
	2014 YTD			
All numbers in thousands	Actual	Budget	Variance ($)	Variance (%)
Loan Interest and Fees	4,687	3,794	893	24%
Gain (loss) on Fx Lending	21	0	21	N/A
Total Earned Revenue	**4,708**	**3,794**	**914**	**24%**
Portfolio Yield	**11.4%**	**11.0%**	**0.4%**	**3%**
Net Allowance for Loan Loss Expense	1,172	1,021	150	15%
Provisioning Expense Ratio	2.8%	3.0%	-0.1%	-4%
Net Interest Expense	848	783	64	8%
Net Funding Expense Ratio	2.1%	2.3%	-0.2%	-10%
STF Operating Expense	2,730	2,985	(255)	-9%
Operating Expense Ratio	6.6%	8.7%	-2.1%	-24%
Total Expenses	**4,749**	**4,789**	**(40)**	**-1%**
Total Expense Ratio	**11.5%**	**13.9%**	**-2.4%**	**-17%**
STF Surplus / (Deficit)	**(41)**	**(995)**	**954**	**96%**
Operational Self Suffiency (OSS)	**99%**		**N/A**	**N/A**

EARNED REVENUE
The STF average portfolio balance of $82.5M for the first half of 2014 was 43% higher than the same period in 2013, and 20% above the target of $68.8M due to strong lending performance. Portfolio Yield of 11.4% was 40 basis points higher than the expected rate. Disbursements where $89.2M year to date (45% ahead of target) resulting in an increased revenue of $765K.

ALLOWANCE FOR LOAN LOSS EXPENSE
During the first half of 2014 we incurred a total of $1.2M in net provisioning expense in the STF for a Net Provisioning Expense Ratio of 2.8%. This year to date expense is $150K higher than the year-to-date target, but only 38% of the full-year target, and 13% less than the provisioning expense for the first half of 2013. The largest provisioning expense is for two loans to a coffee producer in Tanzania. Both of these loans are currently in the process of restructuring.

INTEREST EXPENSE & INTEREST EARNED ON CASH AND INVESTMENTS
Net interest expense was $58K higher than the projected year-to-date expense, due to an increase in debt balance in Q2 to accommodate higher lending capital needs. Higher utilization of lending capital led to a lower net funding expense ratio.

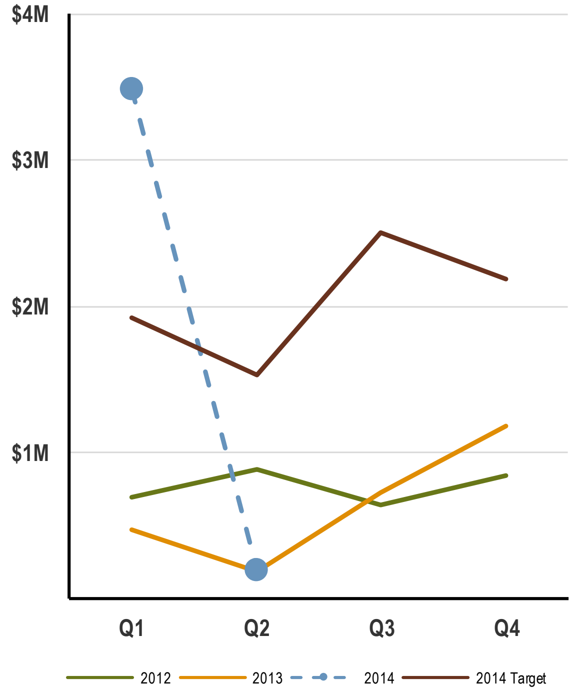
LENDING PROGRAM OPERATING EXPENSE
Through Q2, STF operating expenses were $225K (9%) below budget, driven by savings in both lending and support departments, driven primarily by underspending on travel as well as certain delayed hires.

OPERATIONAL SELF SUFFICIENCY
Operational Self Sufficiency (OSS) for the first half of the year was 99%, driven primarily by revenue on a higher portfolio balance, while expenses were kept in line with targets. While these results are an indicator of the strong fundamentals of our lending business, they are not indicative of our expected full-year performance. We expect both STF operating expenses and net funding expenses to increase over the course of the year as we continue to make strategic investments in our Finance program and raise the debt required to fund our growing loan portfolio. In addition, we are cautiously optimistic about the positive variances in earned revenue and provisioning expense, and are working to find opportunities for continued strong performance.

FRONTIER PORTFOLIOS

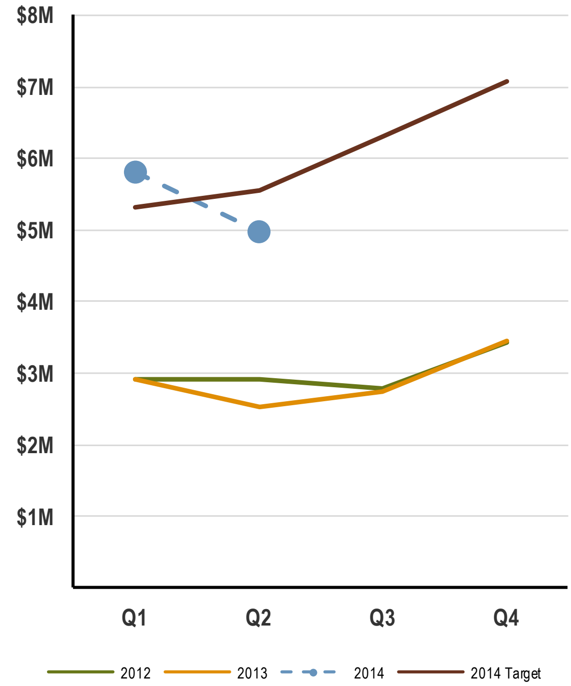
Portfolio Performance

Loan Disbursements by Year



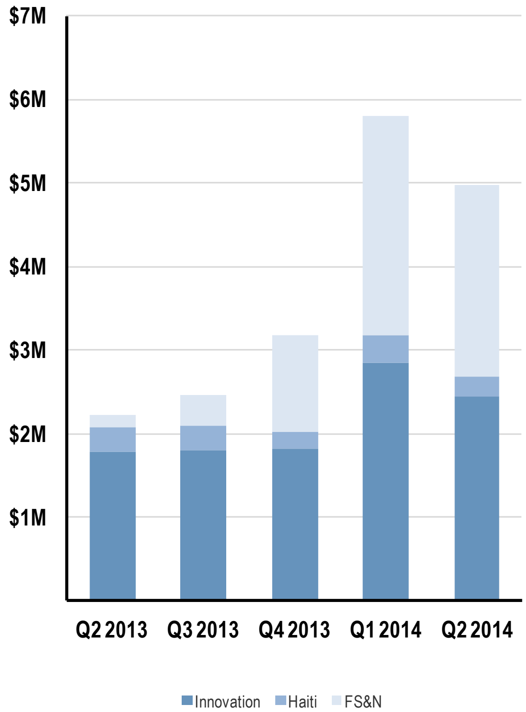
- ➔ We disbursed $197K in the Frontier Portfolios in Q2, 87% below the quarter target of $1.5M. However, cumulative disbursements in the Frontier Portfolios were $3.7M through the end of Q2, 7% above the year to date target of $3.5M. The Frontier Portfolios consist of loans made in the Innovation, Food Security & Nutrition and Haiti Portfolios.
- ➔ We disbursed $17K in the Food Security & Nutrition Portfolio in Q2, 98% below the target of $1.1M. Cumulative disbursements in the Food Security & Nutrition Portfolio were $2M through Q2, 22% below the target of $2.6M.
- ➔ $135K was disbursed in the Innovation Portfolio in Q2, 52% below the target of $281K. Cumulative disbursements in the Innovation Portfolio are $1.4M through Q2, well above the target of $403K.
- ➔ $44K was disbursed in the Haiti Portfolio in Q2 to a cocoa producer.

Outstanding Portfolio Balance by Year



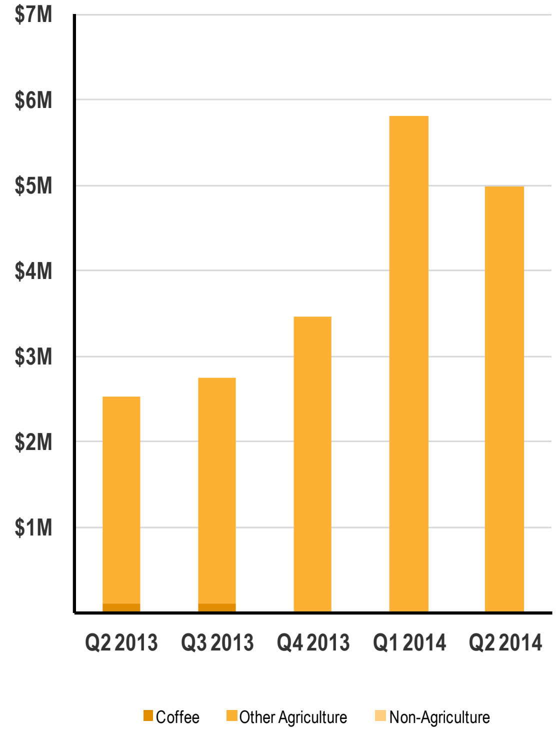
- ➔ The outstanding balance was $5M at the end of Q2, 10% below the projected outstanding balance of $5.5M and 97% above last year's Q2 balance of $2.5M.

Outstanding Balance by Portfolio



- The outstanding balance in the Innovation Portfolio decreased 15% from Q1 to $2.4M outstanding at the end of Q2, but increased 36% from Q2 2013. At the end of Q2, there were 17 clients with loans outstanding in the Innovation Portfolio in seven countries across Africa and Latin America.
- The Food Security & Nutrition Portfolio had $2.3M outstanding at the end of Q2, a 13% decrease from the end of Q1 but a significant increase from the $148K outstanding at the end of Q2 2013. At the end of Q2, there were nine clients with loans outstanding in the Food Security & Nutrition Portfolio in five countries across Africa.
- The Haiti Portfolio had two loans outstanding at the end of Q2, totaling $244K outstanding, to cocoa and vetiver oil producers.

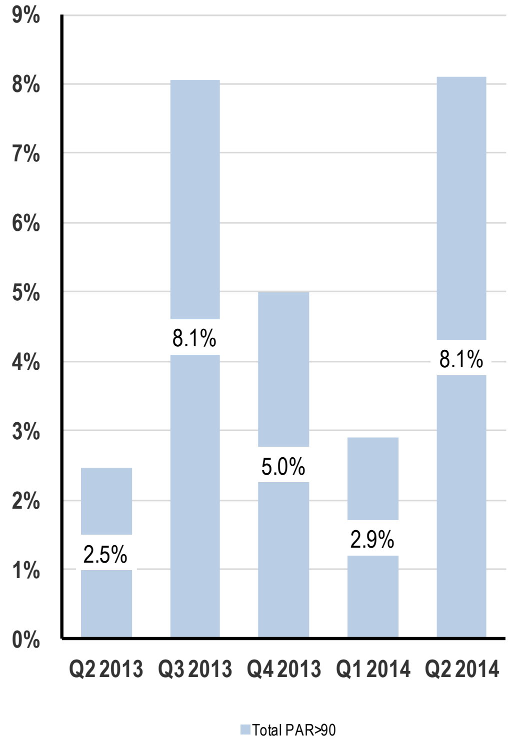
Outstanding Balance by Industry



- The three largest industries in the Food Security & Nutrition Portfolio were maize (55%), sorghum (23%) and seeds for farm inputs (6%).
- The three largest industries in the Innovation Portfolio were seeds for farm inputs (21%), chia seeds (20%) and maize (11%).
- In addition to the industries listed above, there were loans in the Food Security & Nutrition Portfolio to soy, millet, cassava and processed food producers and loans in the Innovation Portfolio to rice, sorghum, farming inputs and supplies, honey, eggs, mangoes, soy, banana and dried bean producers.

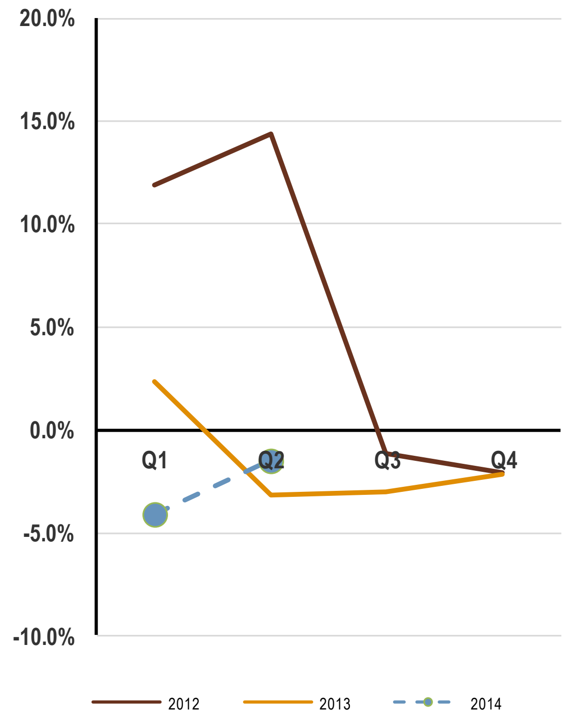
Portfolio Quality

Portfolio at Risk > 90 Days



- At the end of Q2, PAR over 90 days in the Frontier Portfolios was 8.1% ($403K). All loans at risk in the Frontier Portfolios were in the Innovation Portfolio.
- The Innovation Portfolio had four loans at risk with a total balance of $403K. This balance was primarily concentrated in one loan to a rice producer in Ghana. PAR over 90 days for the Innovation Portfolio was 16.5%.
- There are no loans currently at risk in the Food Security & Nutrition Portfolio or Haiti Portfolio.

Loan Loss Ratio (Trailing 12-month average)



- At the end of Q2, the Loan Loss Ratio for the Frontier Portfolios was a negative (1.5%).
- The Loan Loss Ratio in the Innovation Portfolio was 1.2% at the end of Q2. No loans were written off in Q2.
- The Haiti Portfolio had a Loan Loss Ratio of 23.8%. One $117K cocoa loan was written off in Q2.
- The Loan Loss Ratio for the Food Security & Nutrition Portfolio was 0.0% at the end of Q2. This portfolio has yet to incur any losses.
- $146K was recovered over the past four quarters for loans written off in the now-closed North portfolio from previous years. These recoveries were the main reason for the overall negative Loan Loss Ratio.

Frontier Portfolios Financial Results & Analysis

All numbers in thousands	Frontier Portfolios 2014 YTD Actual	Budget	Variance ($)	Variance (%)
Loan Interest and Fees	421	273	148	54%
Gain (loss) on Fx Lending	(356)	0	(356)	N/A
Total Earned Revenue	**65**	**273**	**(207)**	**-76%**
Portfolio Yield	**2.4%**	**10.4%**	**-7.9%**	**-76%**
Net Allowance for Loan Loss Expense	217	162	55	34%
Provisioning Expense Ratio	8.1%	6.2%	2.0%	32%
Net Interest Expense	15	25	(10)	-41%
Net Funding Expense Ratio	0.6%	1.0%	-0.4%	-42%
Frontier Portfolios Operating Expense	792	873	(82)	-9%
Operating Expense Ratio	29.6%	33.3%	-3.6%	-10.9%
Total Expenses	**1,024**	**1,060**	**(37)**	**-3%**
Total Expense Ratio	**19.2%**	**20.2%**	**-1.0%**	**-5%**
Frontier Surplus / (Deficit)	**(958)**	**(788)**	**(171)**	**-22%**

EARNED REVENUE

Through Q2 2014, total interest and fee revenue in the Frontier Portfolios was $421K, 54% percent above target. Before accounting for Foreign Exchange (FX) lending losses, further addressed below, the annualized portfolio yield for the Frontier Portfolios was 15.8%.This was driven both by a higher average interest rate than projected, as well as disbursements occurring and accruing interest earlier than projected. Total disbursements were $3.7M compared to a target of $3.5M, though disbursements were front-loaded in Q1.

Total interest and fee revenue was largely offset by $356K in FX losses related to loans denominated in foreign currencies. Of these losses, 63% are due to loans made in Ghanaian Cedis, which has depreciated almost 26% against the dollar in 2014. These losses are partially offset by higher rates charged for local currency loans. We estimate that approximately 40% of YTD FX losses are offset by the interest premium charged for loans in non-USD currencies.

ALLOWANCE FOR LOAN LOSS EXPENSE

Through Q2 of 2014, the majority of the allowance for loan loss expense in the Frontier Portfolios is related to four loans in the Innovation Portfolio that were downgraded, and the Haiti and Food Security & Nutrition portfolios each had one material downgrade as well. These expenses were partially offset by $69K and $27K in recoveries on loans previously written off in the North Portfolio and Innovation Portfolio, respectively.

INTEREST EXPENSE & INTEREST EARNED ON CASH AND INVESTMENTS

Through Q2, we incurred net interest expense of $15K in the Food Security & Nutrition and Haiti Portfolios.

LENDING PROGRAM OPERATING EXPENSE

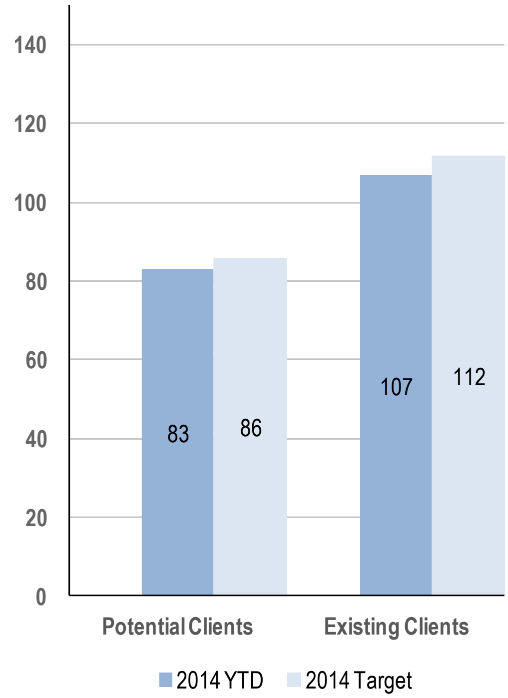
Operating expenses of $800K were 9% below budget, driven by savings in both lending and support departments, which are further addressed on page 20.

FRONTIER PORTFOLIOS OPERATING DEFICIT

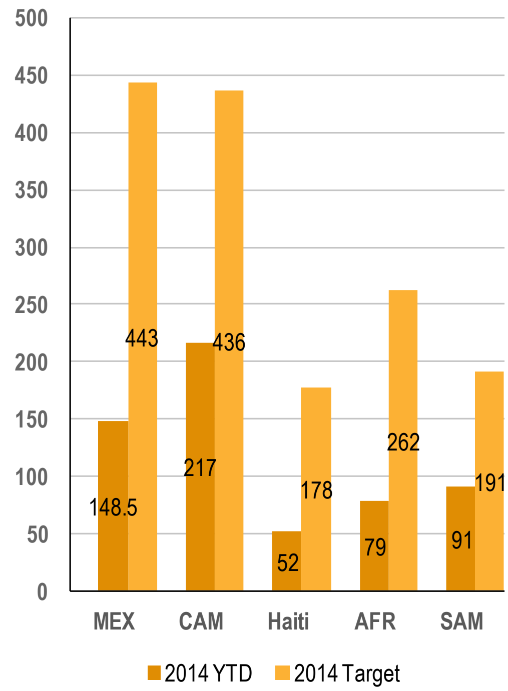
Despite savings in operating expenses and higher-than-projected interest and fee revenue, losses on FX lending led to a deficit $171K higher than expected.

FINANCIAL ADVISORY SERVICES

Groups Served by Financial Advisory Services (through Q2)



Days of Training Delivered by Financial Advisory Services (through Q2)



- ➔ At quarter-end, the Advisory team had provided training to a total of 190 unique clients across five regions through a combination of on-site training and centralized workshops. 56% of clients receiving training were also lending clients, representing a shift from the same period last year in which our client selection and training efforts emphasized first-time clients in response to a slowdown in lending activity.
- ➔ The Coffee Farmer Resilience Initiative (CFRI) is now active across Latin America, including internal credit system training, income diversification activity, and agronomic support for participating clients. The team conducted four Internal Credit diagnostics in Peru and assisted with two coffee renovation loans in Nicaragua and Honduras. This brings the total number of approved loans under the initiative to six, totaling $5.1M in resilience-related loans as of the end of Q2.
- ➔ As part of the Root Link initiative in Central America, the Advisory team is providing targeted training on best practices in social and environmental due diligence to local financial institutions. To date, the team has mobilized incremental third-party financing, in excess of $2.4M, in agricultural markets where financing wasn't previously available.
- ➔ Through Q2, the Advisory team delivered 587 days of financial training across 15 countries in Africa and Latin America. So far, we have reached 39% of the full-year target for training delivered. Activity tends to concentrate in the second half of the year, particularly in Latin America, due to the effect of harvest cycles on client availability.
- ➔ We have seen a dramatic shift in demand for training related to internal credit system management, long-term financial planning and price risk management as a direct result of the coffee leaf rust and price volatility; the CFRI engagement is designed to address these areas of increasing urgency.
- ➔ Advisory activity expanded to new geographies during the second quarter, including four diagnostics and a four-day training workshop on Financial Literacy in Bolivia as part of a collaboration with a major multinational buyer in the U.S. and JISA, a quinoa buyer and Root Capital client. In West Africa, the team conducted a three-day training workshop in Burkina Faso with nine dried mango enterprises from Burkina Faso and Mali and plan to begin on-site activities in the coming two quarters.

CATALYZE PROGRAM PERFORMANCE

In Q2, we continued building on our momentum to catalyze the industry of smallholder agricultural finance through industry engagement across several channels. At the beginning of the quarter, Root Capital and six other impact-first agricultural lenders announced the launch of the Council on Smallholder Agricultural Finance at the annual Specialty Coffee Association of America conference.

THOUGHT LEADERSHIP AND FIELD BUILDING

- Root Capital CEO Willy Foote, David Griswold of Sustainable Harvest Coffee Importers, and Alejandro Escobar of IDB shared the keys to a resilient coffee supply chain in "Growing Prosperity from Crop to Cup: The Blueprint for a Resilient Coffee Value Chain" a plenary session at the Specialty Coffee Association of America (SCAA) annual conference, generating coverage about Root Capital's Coffee Farmer Resilience Initiative in the Seattle Times.
- Also at SCAA, the Council on Smallholder Agricultural Finance (CSAF), along with the Financial Alliance for Sustainable Trade and the Initiative for Smallholder Finance, participated in a lunch panel hosted by the Bill & Melinda Gates Foundation on the future of smallholder agricultural finance. Willy Foote, Root Capital's representative to CSAF, spoke in front of an audience that included agricultural businesses, corporate buyers of agricultural products and value chain partners.
- In April, Willy Foote spoke at the Skoll World Forum on the topic of "Large-Scale Change Through Smallholder Finance" alongside panelists from the International Finance Corporation (IFC), Yara International and Triodos Bank. Panelists explored financial innovations and partnership opportunities to address the needs of the world's 450 million farmer livelihoods and to tap into new economic frontiers.
- On June 24 at the Boston SRI BaseCamp, Catherine Gill, Senior Vice President for Investor Relations and Operations, moderated a panel entitled “Gender Lens Investing: Financing Impact for Women and Girls.” Participating on the panel were Jackie Vanderbrug, Senior Vice President of US Trust and Julie Gorte, Senior Vice President for Sustainable Investing at Pax World Management.
- Ben Schmerler, Director of Investor Relations, presented Root Capital’s Coffee Farmer Resilience Initiative (CFRI) at the Sustainable Food Labs Global Summit in Lima that brought together the private sector companies, foundations and NGOs who are working towards a more sustainable global food system.
- Willy Foote joined Antony Bugg Levine, CEO of Nonprofit Finance Fund, in the closing plenary of the Mission Investors Exchange on May 15. The interactive plenary drew upon their organizations’ 50 years of collective experience in impact investing within the domestic and global arenas to evaluate the sector's history of harnessing the power of capital and to explore the future of mission investing.
- The Root Capital Advisory team conducted a two-day workshop in Nicaragua for local financial institutions interested in agricultural lending, covering both credit underwriting and social and environmental due diligence.
- Willy Foote and Brian Milder, Senior Vice President of Strategy, Advisory & Innovation attended the biannual CSAF meeting in the Netherlands. The agenda of the meeting focused on harmonizing social and environmental impact metrics, principles for restructuring troubled loans, and financial performance metrics.
- Program & Planning Manager Scott Overdyke presented on "Innovative Models of Agricultural Financing" at the Grow Africa Investment Forum in Abuja, Nigeria. This year’s Grow Africa Investment Forum brought together private sector companies, farmers and governments to further accelerate sustainable agricultural growth in Africa.

- ➔ Senior Investor Relations Associate Julie Shea participated on two panels at the 2014 SEEED Conference at Brown University – a peer learning session on impact investing and a “how to” panel on raising money for social enterprise.
- ➔ Mike McCreless, Director of Strategy & Impact, organized and led a discussion on "Building the Business Case for Social & Environmental Due Diligence" at the Global Impact Investing Network's Annual Meeting.
- ➔ Impact Officer Asya Troychansky delivered a keynote at the ANDE Metrics Conference on the topic of "Mobile as a Means: Using Mobile for Impact Data and Client Services" and presented at breakout session on "Portfolio Approach to Measurement."
- ➔ Mike McCreless led a series of discussion groups on "Integrating Impact with Operations and Finance" at the ANDE Metrics Conference.

PUBLICATIONS

- ➔ Mike McCreless, along with colleagues from ANDE and Dalberg Global Development Advisors, published "Metrics 3.0: A New Vision for Shared Metrics" in the Stanford Social Innovation Review blog.

OVERALL OPERATING RESULTS

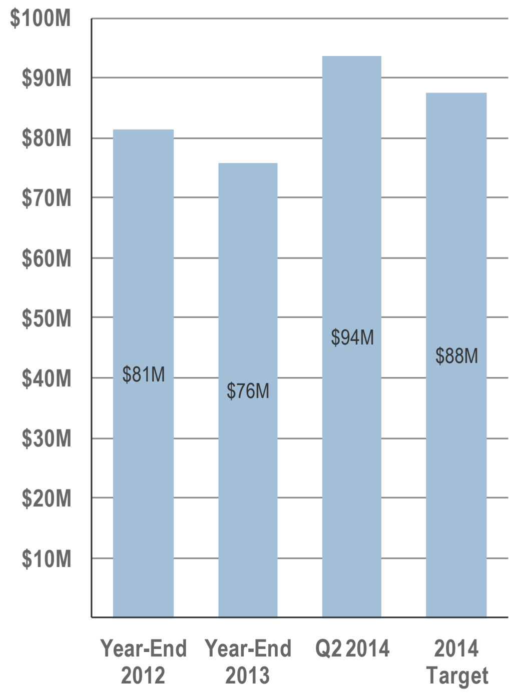
Operating Expense by Program

Program *All numbers in thousands, YTD*	2014 Operating Expenses			2014 Operating Expenses	
	Q2 2014 Actual	Q2 2014 Target	Variance (%)	Q2 2013 Actuals	Yr/Yr Growth
Finance Opex (Sustainable Trade Fund)	2,730	2,985	-9%	2,447	12%
Finance Opex (Frontier Portfolios)	792	873	-9%	769	3%
Advise Opex	2,072	2,368	-12%	2,114	-2%
Catalyze Opex	1,521	1,863	-18%	1,317	15%
Total Opex	**7,115**	**8,089**	**-12%**	**6,647**	**7%**

- ➔ Through Q2 2014, total operational expenses were $7.1M, which is an increase of $468K (7%) from total operating expenses through the same period in 2013. This year-over-year growth is largely driven by increased spending in the Sustainable Trade Fund and Catalyze programs. Total organizational operating expenses through Q2 were $989K (12%) below the Q2 year-to-date budget target, primarily due to lower-than-planned spending on travel, consultants and FAS workshops.
- ➔ Combined Finance Program operating expenses total YTD were $3.5M, $336K (9%) below the YTD target. Significantly lower-than-budgeted spending on travel explains the majority of this underspending. Finance program expense is 10% higher than the same period in 2013. However, this is materially lower than the 45% year-over-year growth in total earned revenue, which is one factor leading to the improved financial performance of the Finance Program.
- ➔ Total operating expenses for Advise through Q2 2014 declined 2% over Q2 2013, as the growth in the Advise program begins to plateau. These Q2 Advise expenditures are 12% less than budget, due to lower spending on consultants and engagements (FAS trainings and workshops) than budgeted.
- ➔ Total operating expenses for Catalyze through Q2 2014 grew by $204K (15%) from Q1 2013. The main driver of this increase in Catalyze spending was on field consultants and global travel as our impact and R&D activities scale up globally. This includes a significant increase in activities in Central America due to our Coffee Farmer Resilience Initiative (CFRI) that helps farmers overcome coffee leaf rust.

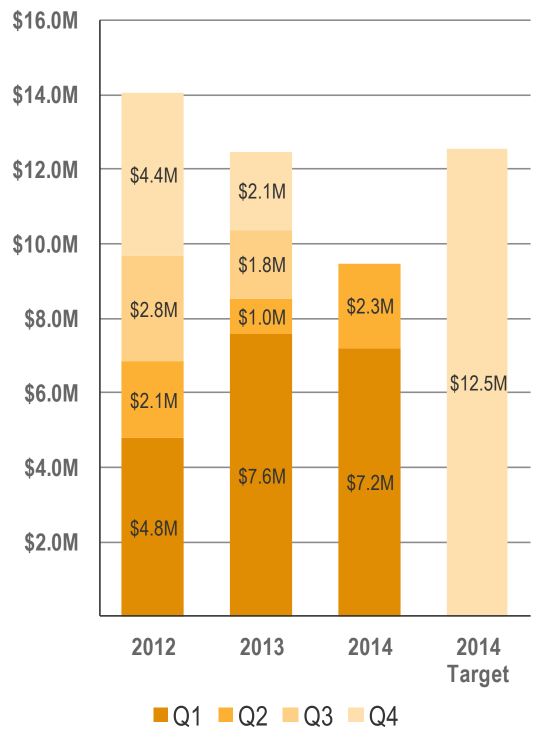
Fundraising Results

Outstanding Debt Balance



- ➔ We ended Q2 with just over $93.6M in total debt under management.
- ➔ During the quarter, we raised over $11.6M in new notes from investors. Throughout the first half of the year, we have been working with investors to increase our total debt balance to enable us to meet increased lending needs across our loan portfolio.
- ➔ Root Capital manages to approximately 90% capital utilization to manage liquidity and volatility in our lending portfolios. In Q2, we achieved an 87% capital utilization rate.

Total Contributions Raised (through Q2)



- ➔ By the end of Q2, we had raised $9.5M toward our 2014 funding need of $12.5M.
- ➔ To date, we have also raised almost $9M for use in future years.

Balance Sheet Highlights & Key Ratios

We continue to improve the strength of our balance sheet by putting available cash to work in our loan portfolios and by structuring flexible, reasonably-priced sources of funds. Total liabilities are up 17% from one year ago, with a higher percentage deployed to the lending portfolio than before.

- ➔ Cash and investments are down 28% from a year ago, while liabilities are up 17% due to an increase in notes payable. Loans receivable are markedly higher, up 43% from Q2 2013 and 33% from the beginning of this year as we come into one of two seasonal peaks in the annual lending cycle.
- ➔ Since 12/31/13, we have raised $21.7M in new investments and $6M in credit lines, and have renewed $5.3M of $8.4M in maturing notes, for a net change in total debt of $24.6M. During the same period, our total lending portfolio has increased by $23.5M and, as a result, our capital utilization increased to a healthy 88%, 200 basis points below our long-term capital utilization target of 90%. This is also an improvement over 2013, where we ended the year with capital utilization of 83%, and from 69% at the end of Q2 2013.
- ➔ Net assets have increased by $1.9M year-to-date (excluding purpose and time restricted net assets). This is down from a $3.1M increase at the end of Q1 2014.

Balance Sheet Highlights *All numbers in thousands*	Q2 2014 Actual	Q2 2014 Budget	Variance ($)	Variance (%)	FY 2013 Actuals	Change since 12/31/2013
Cash and Short-Term Investments	31,677	35,531	(3,854)	-11%	20,704	53%
Total Loans Receivable	95,730	82,103	13,628	17%	71,876	33%
Less: Allowance for Loan Loss	(2,799)	(2,117)	(682)	32%	(1,642)	70%
Loans Receivable (net)	92,931	79,986	12,945	16%	70,234	32%
Other Assets	15,309	20,568	(5,259)	-26%	25,624	-40%
Total Assets	**139,918**	**136,085**	**3,832**	**3%**	**116,562**	**20%**
Total Notes Payable & Other Debt	99,725	89,342	10,383	12%	75,148	33%
Other Liabilities	3,753	2,883	870	30%	3,382	11%
Total Liabilities	**103,478**	**92,225**	**11,253**	**12%**	**78,530**	**32%**
Total Net Assets	**36,440**	**43,860**	**(7,420)**	**-17%**	**38,033**	**-4%**
Total Liabilities & Net Assets	**139,918**	**136,085**	**3,832**	**3%**	**116,562**	**20%**

Key Financial Ratios	Q2 2014 Actual	Q2 2014 Target	Variance (%)	FY 2013 Actuals	Change since 12/31/2013 (%)
Debt-to-Equity Ratio	4.03	3.40	18%	3.29	23%
Capital Utilization	87%	80%	9%	83%	4%
Current Ratio	2.54	N/A	N/A	4.41	-42%

APPENDIX: Q2 2014 FINANCIAL STATEMENTS

Balance Sheet Highlights as of June 30, 2014

in thousands	June 2014			YTD Jun-14 vs Jun-13		Jun-14 vs Dec-13	
	Actual	Target	$ Variance	June-13	% Y/Y	December-13	$ Change
Total Loans Receivable	95,730	82,103	13,628	66,783	43%	71,876	23,854
Allowance for Loan Losses	2,799	2,117	682	2,594	8%	1,642	1,157
Total Net Loans Receivable	**92,931**	**79,986**	**12,945**	64,189	45%	70,234	22,697
Total Notes Payable & Other Debt	99,725	89,342	10,383	86,266	16%	74,948	24,776
Cash and Short Term Investments	31,677	36,306	(4,629)	44,091	-28%	28,418	3,259
Capital Under Management	120,275	111,958	8,317	104,046	16%	93,113	27,162
Total Assets	**139,918**	**120,048**	**19,870**	**127,124**	**10%**	**115,586**	**24,332**

Statement of Financial Position as of June 30, 2014

in thousands	June 2014				YTD Jun-14 vs Jun-13		Jun-14 vs Dec-13	
	Operating	Sustainable Trade Fund	Frontier Portfolios	Total Root Capital	June-13	% Y/Y	December-13	$ Change
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	1,606	9,037	6,365	17,008	23,492	-28%	12,186	4,823
Cash loan loss reserve (10% of gross loans rec.)		9,075	498	9,573	6,678	43%	7,188	2,385
Escrow funds		1,916	-	1,916	1,106	73%	1,331	585
Investments	4,729	367	-	5,096	13,921	-63%	9,045	(3,949)
Current loans receivable, net of allowance for loan losses of $2.8 m and $2.5m		48,852	1,297	50,149	50,893	-1%	47,896	2,253
Interest receivable, net of allowance for interest losses of $200k and $104k		1,863	218	2,080	1,236	68%	1,307	774
Grants receivable and accounts receivable	7,150	475	433	8,058	11,660	-31%	11,182	(3,124)
Other current assets	369		-	369	320	15%	320	49
Total current assets	13,853	71,585	8,811	94,250	109,306	-14%	90,455	3,795
EQUIPMENT AND IMPROVEMENTS, net	181		-	181	263	-31%	226	(45)
LOANS RECEIVABLE, net of current portion		39,380	3,401	42,782	13,295	222%	22,338	20,444
GRANTS RECEIVABLE, net of current portion	2,176	447	-	2,623	4,168	-37%	2,476	147
OTHER NON-CURRENT ASSETS	83		-	83	92	-10%	92	(9)
Total assets	**16,293**	**111,413**	**12,212**	**139,918**	**127,124**	**10%**	**115,586**	**24,332**
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Notes payable, short term		25,545	-	25,545	23,932	7%	15,426	10,119
Notes payable, subordinated		1,650	-	1,650	1,875	-12%	1,650	-
Recoverable grant		-	200	200	1,000	-80%	-	200
Line of Credit		6,000	-	6,000	-		-	6,000
Loan participation liability			-	-	28	-100%	21	(21)
Escrow funds		1,916	-	1,916	1,106	73%	1,331	585
Deferred Revenue	67			67	-		-	67
Accounts payable & accrued expenses	563		-	563	299	88%	1,220	(657)
Accrued vacation & salary payable	468		-	468	340	38%	368	100
Accrued interest payable		651	23	674	631	7%	543	132
Total current liabilities	1,098	35,762	223	37,083	29,211	27%	20,559	16,524
DEFERRED RENT LIABILITY	65		-	65	125	-48%	97	(32)
NOTES PAYABLE, Long Term		60,329	5,000	65,329	57,831	13%	56,851	8,478
SUBORDINATED DEBT		-	1,000	1,000	1,600	-38%	1,000	-
Total liabilities	1,163	96,092	6,223	103,478	88,767	17%	78,507	24,971
NET ASSETS:								
Unrestricted:								
Operating reserve	4,729		-	4,729	4,043	17%	4,729	-
Permanent lending capital - board designated		4,443	-	4,443	4,968	-11%	4,443	-
Loan loss reserve - board designated		3,609	498	4,106	2,212	86%	2,721	1,385
Undesignated unrestricted net assets		(505)	-	(505)	(197)	0%	-	(505)
Total unrestricted	4,729	7,547	498	12,774	11,025	16%	11,893	881
Temporarily restricted:				-				
Purpose and time	10,401	723	541	11,665	16,731	-30%	14,185	(2,520)
Permanent lending capital-donor designated		1,584	4,950	6,534	6,134	7%	6,534	-
Loan loss reserve-donor designated		5,467		5,467	4,467		4,467	1,000
Total temporarily restricted	10,401	7,773	5,491	23,666	27,332	-13%	25,186	(1,520)
Total net assets	15,130	15,321	5,989	36,440	38,357	-5%	37,079	(639)
Total liabilities and net assets	**16,293**	**111,413**	**12,212**	**139,918**	**127,124**	**10%**	**115,586**	**24,333**

**Frontier Portfolios consists of the Innovation, Food Security & Nutrition and Haiti Portfolios. The Innovation Portfolio is a segregated pool of risk-tolerant capital designed to make experimental loans for subsequent replication in our Sustainable Trade Fund. The Food Security & Nutrition Portfolio which is to promote domestic food security and nutrition. The Haiti Portfolio consists of loans made to enterprises in Haiti.*

Statement of Activities

June 30, 2014

	June			YTD Actuals vs. YTD Performance Targets			YTD Actuals vs. Full-Year Performance Targets		Y/Y Growth (%)	
in thousands	Sustainable Trade Fund	Frontier Portfolios	Total Root Capital	YTD June Targets	$ Var.	%	2014 Targets	Actuals as % of Budget	June 2013	*14 YTD vs 13 YTD*
FINANCE										
Loan interest, net of int losses reserve expense	3,892	380	4,272	3,441	831	24%	7,151	*60%*	2,941	*45%*
Fees	765	41	806	626	181	29%	1,200	*67%*	508	*59%*
Co-lending services	30		30	-		N/A	-		-	
Gain (loss) on FX lending	21	(356)	(335)	-	(335)	N/A	-	*n/a*	(57)	*491%*
Total earned revenue	**4,708**	**65**	**4,773**	**4,066**	**707**	**17%**	8,351	***57%***	**3,392**	***41%***
Portfolio Yield	*11.4%*	*2.4%*								
Loan loss reserve expense	1,433	314	1,747	1,321	426	32%	3,718	*47%*	1,512	*16%*
Less: Revenue on recovered loans and guarantees	(262)	(97)	(359)	(138)	(221)	160%	(256)	*140%*	(226)	*59%*
Provisioning Expense Ratio	*2.8%*	*8%*							-	
Interest expense	928	20	948	871	76	9%	1,790	*53%*	879	*8%*
Less: Interest and investment income	(80)	(5)	(85)	(63)	(22)	35%	(126)	*68%*	(19)	*352%*
Net Funding Expense Ratio	*2.1%*	*0.6%*							-	
FINANCE operating expense	2,730	792	3,522	3,858	(336)	-9%	7,468	*47%*	3,216	*9%*
Operating Expense Ratio	*6.6%*	*29.6%*							*0.0%*	
FINANCE surplus / (deficit)	**(41)**	**(958)**	**(1,000)**	**(1,783)**	**783**	**-44%**	**(4,243)**	***24%***	**(1,970)**	***-49%***
STF Operational Self Sufficiency	*99%*			*79%*			*74%*		*66%*	
ADVISE and CATALYZE										
Contracted Revenue			(15)		(15)	N/A				
ADVISE operating expense			2,072	2,368	(296)	-13%	4,286	*48%*	2,114	*-2%*
CATALYZE operating expense			1,521	1,863	(342)	-18%	2,814	*54%*	1,317	*16%*
ADVISE and CATALYZE			**3,578**	**4,231**	**(638)**	**-15%**	**7,100**	***50%***	**3,431**	***4%***
Contributions			**6,156**	6,732	(577)	-9%	11,343	*54%*	4,705	*31%*
Net Operating Surplus / (Deficit)			**1,579**	**719**	**860**	**120%**	**0**		**(696)**	***-327%***
Other Non Operating expense (1)			698		698	N/A				
Net Surplus / (Deficit)			**881**	**719**	**162**	**23%**	**0**		**(696)**	***-227%***

(1) On May 30th a wire transfer was mistakenly sent to a former client and Root Capital has initiated efforts to recover these funds. Based on the information currently available, Management has been prudent on this issue and decided to expense 100% of the cash proceeds included in this transfer.

***All comparisons of Actual to Budget refer to Total Root Capital results (Sustainable Trade Fund + Frontier Portfolios)*

Temporarily Restricted Revenue: YTD Results	LLR	PLC	Time & Purpose	**Total**
New T/R revenue			4,347	**4,347**
T/R revenue released for opex			(5,867)	**(5,867)**
LLR released	1,000		(1,000)	**-**
Change in T/R Net Assets	1,000	-	(2,520)	**(1,520)**

Total Contribution Goal: Budget vs Actual	Actual	Board Approved Budget	Var. %
Unrestricted Operating Contributions	6,156	11,343	54%
PLC and LLR Grants	1,000	1,500	67%
Total	7,156	12,843	56%

Use of Annual Operating Surplus	Actuals	Board Approved Budget	Var. $
Operating Reserve	-	777	(777)
Board Designated Loan Loss Reserve	1,385	(1,160)	2,546
Board Designated PLC	(0)	459	(459)
Operating Surplus	**1,385**	**76**	1,309

Disclosure
Interim financial data is deemed accurate, but is not audited. Annual audited financial statements will be provided to the Board of Directors, donors and investors. In the event of material differences, a reconciliation will also be provided.
Additionally, past performance is not indicative, nor a guaranty, of future results, and no assurances can be given that the Notes will be repaid.

For additional information, please go to www.rootcapital.org or email info@rootcapital.org.