Performance Report
Q4 2014

root capital

OVERVIEW

Root Capital had an excellent end to the year, with our outstanding balance reaching $100M for the first time in our history. The achievement of this milestone feels particularly well-timed, as late 2014 marked Root Capital's 15 year anniversary. We saw continued growth in all four regions and across both of our portfolios, particularly in Central America. In Central America, we faced an unprecedented demand for credit, which, among other factors, is a poignant indicator of the tenacity and hard work of coffee farmers in the face of the ongoing coffee leaf rust epidemic. Globally and across both portfolios, in 2014 we disbursed $178 million in loans and reached 279 small and growing businesses that are improving livelihoods for 655,000 producers.

Portfolio Performance: Sustainable Trade Fund

The outstanding portfolio balance of our Sustainable Trade Fund (STF) at the end of Q4 was $95.2 million, $26 million higher than year-end 2013. The balance grew in every region, with a particularly strong performance in Central America where, thanks to a rebound in coffee prices and new client acquisition, our portfolio in the region grew nearly 70 percent from 2013 levels, hitting $38.8 million at quarter end. The STF loan portfolio also grew in West Africa due to new opportunities in cocoa and cashew lending and in South America thanks to successful non-coffee diversification efforts and rebounding coffee prices. As a result of higher portfolio balance throughout the year, revenue for the year was 32 percent higher than in 2013.

Disbursements for the year were $170 million, including $45.6 million for the fourth quarter alone. This disbursement total was $48 million greater than projected and 42 percent higher than last year.

Of the $170 million in disbursements, $119.7 million was to Latin American clients, $66 million in Central America and Mexico, and $54 million in South America. The Central American figure was nearly twice our projection and 74 percent above 2013. Our lending projections for the region were conservative going into the year, as all indications were that 2014 would be an extremely challenging year for our Latin American coffee clients as they faced the spread of coffee leaf rust. Coffee organizations in regions such as the Ixil region of Guatemala and the Selva Central region of Peru saw 80 percent drops in production due to the disease; however, a number of Root Capital clients throughout Latin America employed strategies to help navigate the crisis, such as farm rehabilitation to improve plant and soil health, sourcing higher volumes of coffee from existing suppliers and expanding to new suppliers less effected by coffee leaf rust. In Central America specifically, these strategies combined with a rebound in coffee prices led to a higher-than-anticipated need for financing from coffee clients.

As discussed in previous quarters, we launched the Coffee Farmer Resilience Initiative (CFRI) in late 2013 to equip coffee organizations and their members with tools to confront threats such as coffee leaf rust. In 2014, we disbursed $6.9 million under the initiative for long-term renovation loans to clients throughout Central and South America.

In Africa, STF disbursements were just shy of $50 million for the year, nearly double last year's performance. This growth was driven by a strong coffee season in East Africa and continued diversification into cocoa and cashews in West Africa.

Q4 also saw our return to Indonesia. After pausing our lending in Indonesia in 2009 to focus on expansion in Africa, last year we resumed our work in Asia. During the quarter, we closed on a $550,000 loan to a coffee client in Sumatra.

Portfolio Performance: Frontier Portfolios

2014 was also a year of growth for the Frontier Portfolios, as we disbursed $8.1 million across a range of production and processing activities in fifteen agricultural value chains. At quarter end, the outstanding balance was $7.9 million, 12 percent above target and 129 percent above last year's balance of $3.4 million. As part of this, we more than doubled the portion of our portfolio to clients that support increased food security and nutrition, ending the year with a balance of $3.9 million.

Portfolio Quality

While credit quality did not improve measurably from Q3, the risk we saw in our portfolio during Q4 underscores many of the larger issues faced by our clients.

The total outstanding balance in Portfolio at Risk (PAR) over 90 days increased from $4 million in Q3 to $4.2 million in Q4. During the quarter we wrote off $2.2 million; however, we downgraded loans to three coffee clients in Rwanda ($813,000), a pepper client in Zimbabwe ($450,000) and a shea client in West Africa ($513,000). While there was an overall increase in PAR over 90 days, we ended Q4 with a PAR over 90 days of 4.4 percent in the STF, which was a slight decrease from last quarter due to the growth in the overall portfolio balance.

The majority of the $2.2 million written off in Q4 in the STF was from two loans to a single coffee client in Tanzania, totaling $1.7 million. This client was unable to weather the precipitous decline in coffee prices during 2013 and also had a major breakdown in its logistics. As always, we are still actively pursuing repayment options and we remain cautiously optimistic about prospects for recovery. The total write-off amount for 2014 was $2.9 million, 22 percent lower than the $3.7 million written off in 2013.

During Q4, we began to review the restructure of several loans in the cashew sector in West Africa. Hence, we began provisioning a total of seven loans to four West African cashew clients at a higher rate at the end of 2014. These clients faced challenges related to production difficulties and quality issues that have slowed volume, thus hindering their ability to make scheduled payments. As a result, we are actively restructuring the balances based on revised cash flow and export projections. Per our policy, we incurred $413,000 in net provision expense against these loans. In addition, in Latin America, we are closely monitoring several loans totaling $1 million to two clients that have been severely affected by coffee leaf rust.

In the Frontier Portfolios, the balance of the PAR over 90 days was $755,000 or 9.5 percent, up from $172,000 or 5 percent at the end of Q4 2013. This was due to three main factors: unpredictability of crop prices, quality concerns and ensuing delays and our clients' overestimation of producer yields. We wrote off four loans in our Innovation Portfolio totaling $330,000, and one loan in our Haiti Portfolio for $117,000. Our collections and workout team is working to recover these funds. The Frontier Portfolios are still early stage, and there is no particular trend to be discerned from our experience to date; nevertheless, we are proceeding cautiously and have modeled PAR over 90 days to be 9-10 percent over the next two years.

Advisory Services

2014 was a landmark year for Root Capital's Advisory Services. We provided financial training to 278 small and growing agricultural businesses, from coffee cooperatives in Guatemala to seed processors in Tanzania. The expansion of training products, geographic diversification and increased momentum with the Coffee Farmer Resiliency Initiative (CFRI) allowed us to surpass our annual targets, both for enterprises reached and the quantity of training delivered.

Central America represented more than a third of all training delivered as agronomic and internal credit system activities ramped up under the CFRI to help mitigate the medium- and long-term effects of coffee leaf rust.

Catalyze Strategy

We participated in several field-building activities in Q4, ranging from the biannual Council on Smallholder Agricultural Finance meeting in Brussels to various presentations and panel discussions at key regional events.

In November, we published the results of our first multi-site impact study — "Improving Rural Livelihoods: A Study of Four Guatemalan Cooperatives." The study results were debuted at a "Women in Agribusiness" workshop hosted by the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) that brought together over 75 leading experts from industry, academia, government and civil society to discuss methods for empowering women as farmers, entrepreneurs and leaders throughout agricultural value chains.

Financial results

We ended the quarter with $104 million in total debt under management, a 38 percent increase over Q4 2013. With great support from our investors, we steadily increased our total debt balance throughout the year, enabling us to keep pace with the strong portfolio growth and lending needs. We closed on $34.2 million in new capital during 2014, plus an additional $10 million in flexible lines of credit.

In 2014 our portfolio balance grew 43 percent, with total liabilities up 38 percent, and cash down five percent, reflecting a higher percentage deployed through our lending portfolio. At year-end we had a debt-to-equity ratio of 4.28 to 1, and a capital utilization rate of 91 percent.

As a result of the record portfolio growth achieved in 2014, we earned $9.6 million in total interest and fee revenue, 15 percent higher than projected. This positive variance to target, together with operating expense savings, offset higher-than-planned interest and provisioning expenses, and led to an operating surplus of $329,000. Operational Self-Sufficiency (OSS) for the Sustainable Trade Fund was 80 percent for 2014 due to strong revenue growth and operating expense savings. These results are six points higher than the target of 74 percent and seven points higher than 2013 OSS of 73 percent, although down from earlier in the year due to a higher provisioning expense in Q4.

Q3 2014 DASHBOARD*

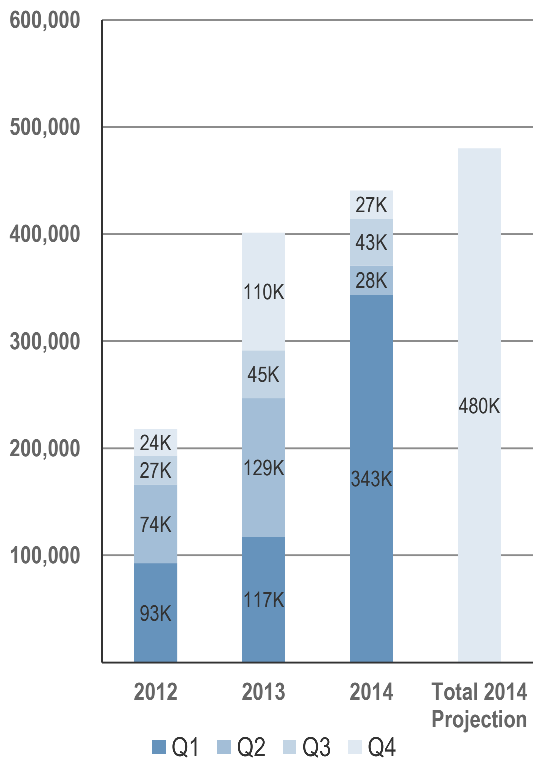
Metric	Result	Target	Results as % of Target	Page
Social and Environmental Metrics				
Number of Producers Reached	655K	642K for 2014	102%	
Producers supplying enterprise	441K	480K for 2014	92%	6
Producers buying inputs	214K	162K for 2014	132%	6
Purchases from Producers	$842M	$889M for 2014	95%	6
Total Revenue of Rural SGBs	$1043M	$1B for 2014	97%	7
Sustainable Hectares under Management	672K	891K for 2014	75%	7
Lending Program				
Loan Disbursements	$177.7M	$129.6M through Q4	137%	
Sustainable Trade Fund	$169.6M	$121.5M through Q4	140%	8
Frontier Portfolios	$8.1M	$8.1M through Q4	100%	14
Outstanding Portfolio Balance**	$103.1M	$76.1M through Q4	136%	
Sustainable Trade Fund	$95.2M	$68.9M through Q4	138%	8
Frontier Portfolios	$7.9M	$7.1M through Q4	112%	14
Number of Clients Reached	279			
Sustainable Trade Fund	240			10
Frontier Portfolios	39			
Average Outstanding Balance per Active Loan**	$343K			
Sustainable Trade Fund	$369K			10
Frontier Portfolios	$184K			
Portfolio-at-Risk Over 90 Days**	4.8%	5.2% for 2014	92%	
Sustainable Trade Fund	4.4%	5.1% for 2014	86%	11
Frontier Portfolios	9.5%	6.4% for 2014	148%	16
Loan Loss Ratio**	1.8%	3.9% for 2014	46%	
Sustainable Trade Fund	1.8%	3.8% for 2014	47%	11
Frontier Portfolios	1.5%	4.6% for 2014	32%	16
Financial Advisory Services (FAS)				
Number of Groups Served by FAS	278	198 for 2014	140%	18
Days of Training Delivered	1858	1510 for 2014	123%	18
Catalyze Program				
Overview of Catalyze Program	See page 19 for discussion of Catalyze Program			
Operating Results**				
Total Operating Expense	$15.0M	$15.8M through 2014	95%	20
Debt to Equity	4.28	3.32 through Q4	129%	22
Capital Utilization	91%	77% through Q4	118%	22
Fundraising Results				
Outstanding Debt Balance	$104.1M	$85.6M for 2014	122%	21
Contributions Raised for Operating Need	$12.6M	$12.5M for 2014	101%	21

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

***Figures represent performance at end of quarter*

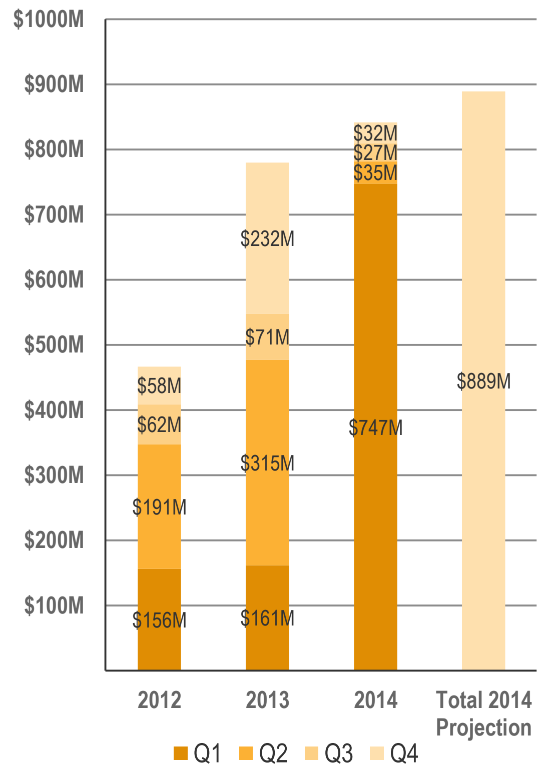
SOCIAL AND ENVIRONMENTAL METRICS

Producers Supplying Enterprise (through Q4)



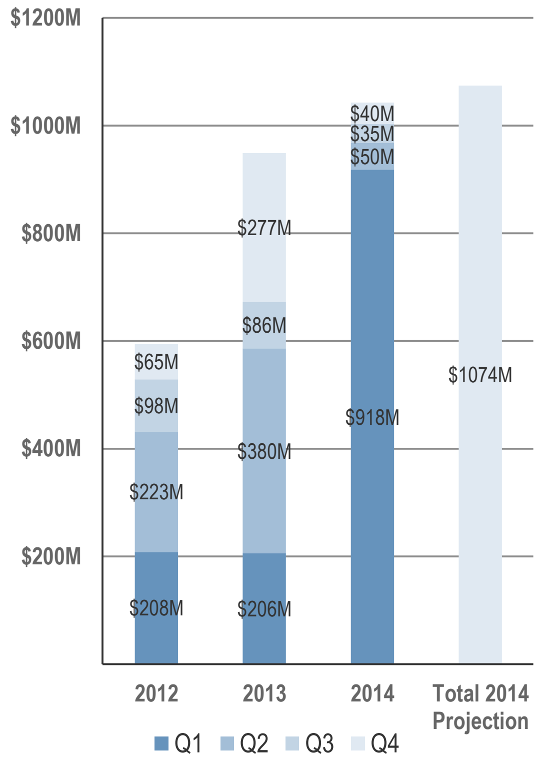
- Through Q4 2014, we reached 441K producers supplying to our client enterprises, which was 10% higher compared to 402K producers supplying to our client enterprises in the same time period last year.
- Through Q4 2014, we reached an additional 214K non-supplier producers buying inputs such as drought-resistant seed inputs or post-harvest handling services from the enterprise. These numbers are not included in the chart above, which only represents producers selling to the enterprise.
- Of all the producers supplying to the enterprises Root Capital financed in 2014, 117K, or 27%, were women.

Purchases from Producers (through Q4)

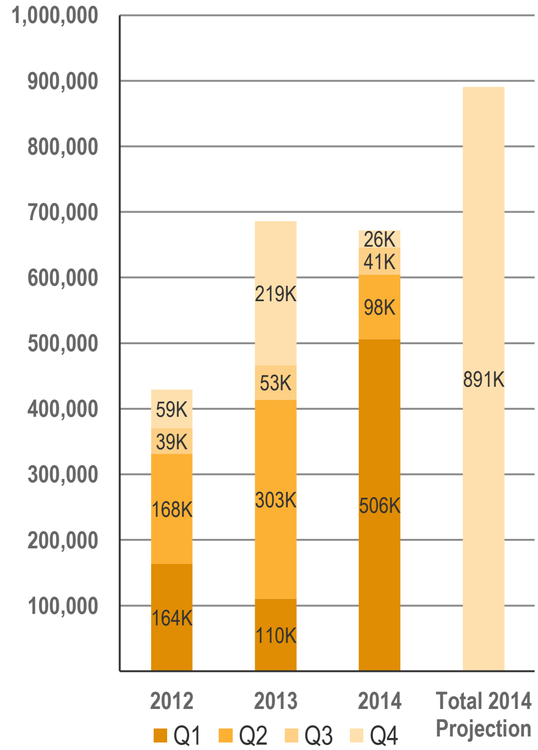


- "Purchases from producers" is the total amount that our client enterprises paid to their small-scale suppliers.
- Through Q4 2014, our clients purchased an estimated $842M of agricultural product from their producers, which is 8% higher than in the same time period last year. Through Q4 2014, we reached 279 clients, compared to 256 clients in the same time period last year.
- The average payment per producer in 2014 was $2K.

Total Revenue of Rural SGBs (through Q4)



Sustainable Hectares Under Management (through Q4)



- ➔ Clients reached through Q4 2014 generated an estimated $1B in total revenue, which was 9% higher than in the same time period last year. Although revenue for the average client was $3.8M, this figure was upwardly distorted by the fewer than 10% of larger-scale businesses (who nevertheless source from smallholder farmers) with revenues over $10M; the median revenue per enterprise was a more modest $1.8M.

- ➔ In Q4 2014, client enterprises represented an estimated 672K hectares of sustainably managed agroforestry and agricultural lands, with an average of 1.8 hectares per producer.
- ➔ Year-end total hectares sustainably managed are a smaller proportion of the annual projection in part because a few disproportionately large clients reached in 2013 upwardly distorted the projection for hectares sustainably managed in 2014.

Note: Please note the following changes in our impact reporting terminology and methodology starting in Q1 2014.

“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.

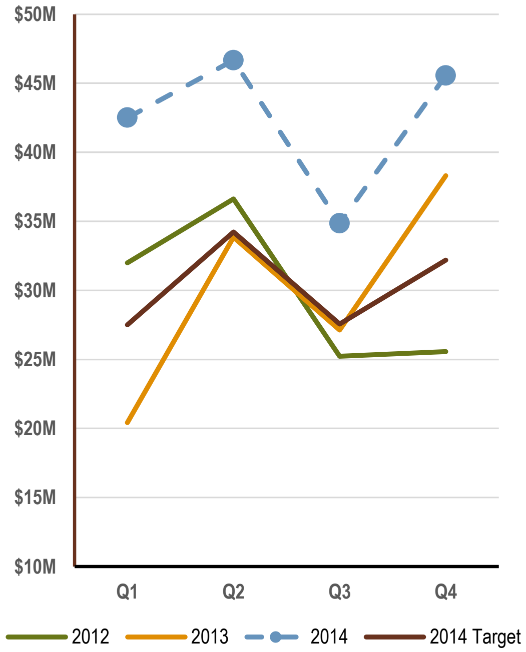
In Q4 2013, we began to report social metrics for “clients reached” to more accurately capture the number of businesses reached by our capital. Clients reached are clients that had an outstanding balance at any point in the quarter and that were not at-risk. This includes clients that did not receive a disbursement in the quarter. This is a cumulative metric; clients are added to the annual total in the quarter they are first reached; this explains why the Q1 figure is so much higher than the others as loans outstanding originated in 2013 are counted in Q1 2014.

In Q1 2014, a disproportionately large Central American client with reported revenue over $300M and 35K producers entered the STF portfolio, and in Q2 2014, a disproportionately large East African client with reported revenue over $6M and 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 279 clients reached through Q4 2014. In Q4 2014, total revenue and purchases from producers were updated to reflect changes in these figures for clients first reached in Q1, Q2 or Q3 upon receipt of their updated financial statements in Q4 2014.

SUSTAINABLE TRADE FUND

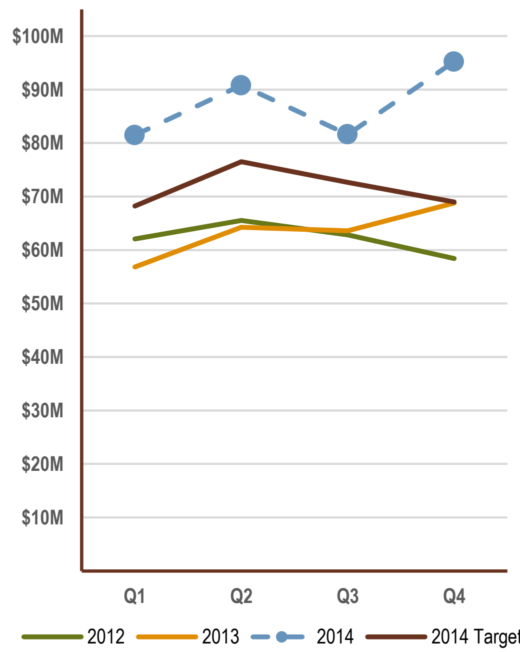
Portfolio Performance

Loan Disbursements by Year



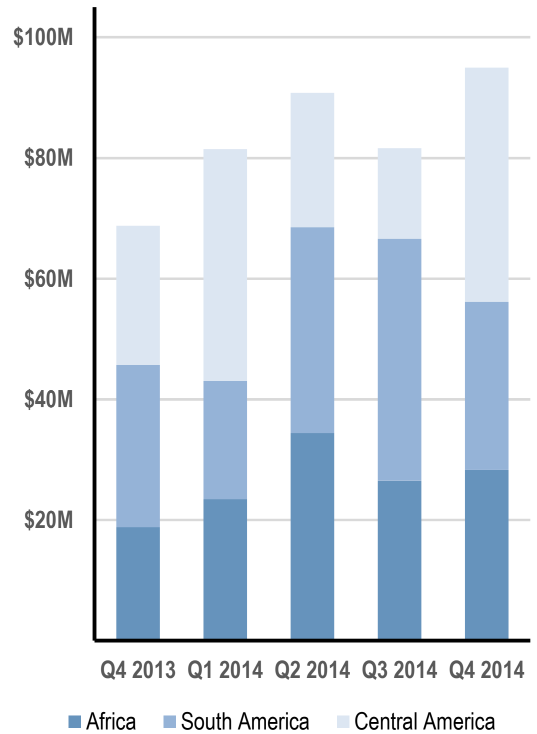
- ➔ $45.6M was disbursed in Q4, 42% above target and 19% above Q4 2013. Cumulative disbursements for 2014 were $169.6M, 40% above target and 42% above last year.
- ➔ Disbursements in Central America in 2014 were $66M, 88% above target and 74% above 2013 due primarily to a higher-than-anticipated need for financing from existing Nicaraguan coffee clients and new Honduran coffee clients.
- ➔ $53.7M was disbursed in South America in 2014, 12% above target but 3% below last year. Higher-than-expected disbursements in non-coffee industries like quinoa made up for the adverse impact of coffee leaf rust on coffee clients in central Peru.
- ➔ Annual disbursements in East and West Africa were $28.5M and $20.9M, respectively, both above target from last year's annual performance. Growth in cocoa and cashews in West Africa and a strong Rwandan coffee harvest in East Africa drove the growth in both regions.

Outstanding Portfolio Balance by Year



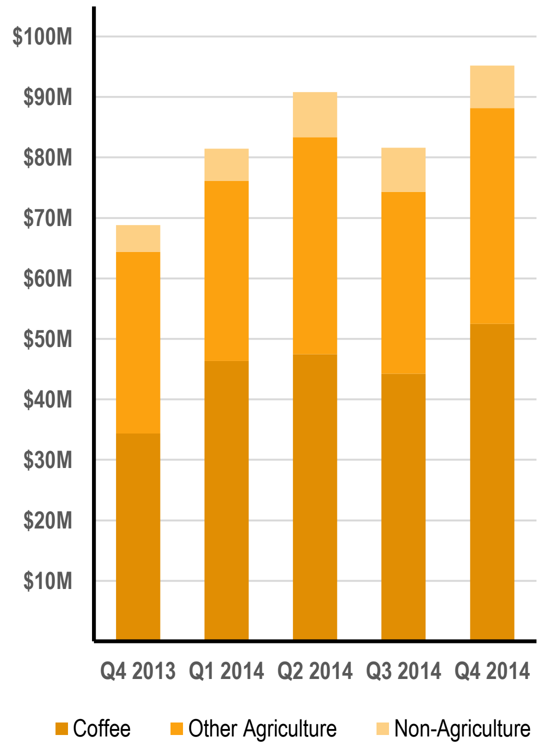
- ➔ At the end of Q4, the outstanding balance was $95.2M, 38% above both the target for the quarter and the same period last year.
- ➔ Q4 2014 marked Root Capital's re-entry into Asia, where the period-end balance was $220K. $371K was disbursed in Q4 to a coffee client in Indonesia, Root Capital's first disbursement in Asia since 2009.

Outstanding Balance by Region (Trailing 5-Quarter)



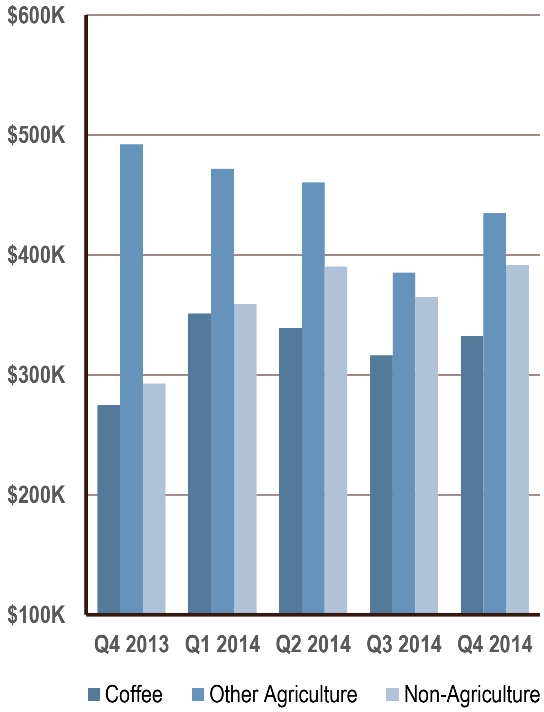
- The Central America portfolio balance grew from $15M at the end of Q3 to $38.8M at the end of Q4, 72% higher than projected and 68% above the same time last year. The start of the Central American coffee harvest was the main impetus for growth in outstanding balance over the past quarter.
- The portfolio balance in South America was $27.8M at the end of Q4, 48% above projections and 3% above the same period last year. Diversification efforts into non-coffee industries, including cocoa and quinoa, led to growth in this region in 2014.
- Driven mainly by growth in the cashew industry, West Africa's outstanding balance at the end of Q4 was $13.7M, 17% higher than projected and 49% above the quarter-end portfolio balance in Q4 2013.
- The East Africa portfolio balance was $14.7M at the end of Q4, 2% below target but 52% above the same time last year. This increase in outstanding balance from last year is due to a strong coffee harvest season in Rwanda and growth in the Democratic Republic of Congo.

Outstanding Balance by Industry (Trailing 5-Quarter)



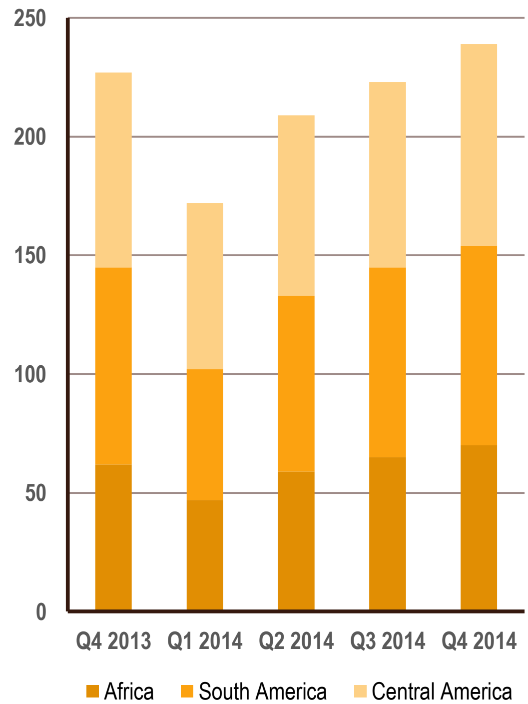
- Coffee loans accounted for 55%, or $52.5M, of the $95.2M portfolio balance. The balance in coffee increased by 19% from last quarter due primarily to the start of the Central American coffee harvest in Q4.
- Other Agriculture loans totaled $35.7M, or 37% of the STF at the end of Q4. The three largest industries were cocoa ($7.9M), cashews ($7.4M) and sesame ($4M.)
- 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 small portion of the total portfolio, with $7M outstanding, or 7% of the portfolio.

Average Outstanding Balance per Active Loan



- The average Coffee loan outstanding increased from $316K at the end of Q3 to $332K at the end of Q4.
- The average Other Agriculture loan outstanding increased by 13% from last quarter to $435K per loan.
- The average loan outstanding in Non-Agriculture was $391K at the end of Q4, a 7% increase from the end of Q3.

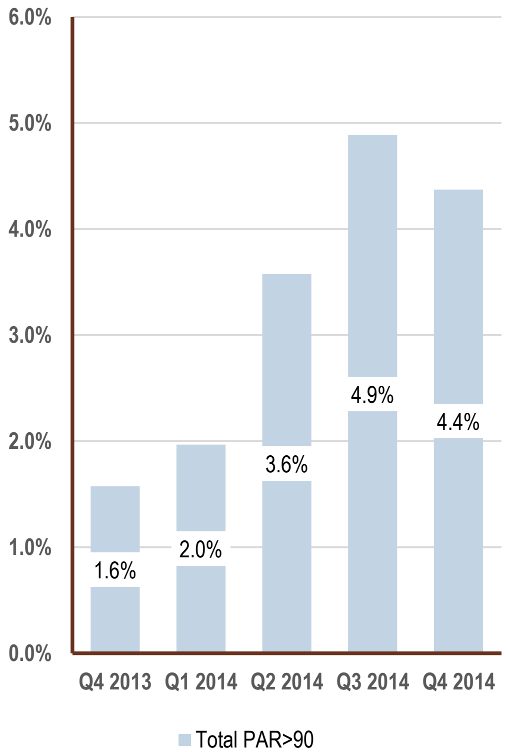
Number of Clients Reached by Region



- 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 240 clients in 2014, an increase of 6% from the 227 clients reached during 2013.
- In Central America, 85 clients were reached through Q4, a 4% increase from the 82 clients reached through Q4 2013.
- 84 clients were reached in South America in 2014, slightly above the 83 clients reached in 2013.
- 20 clients were reached in West Africa through Q4, an increase of 25% from the 16 clients reached in 2013.
- In East Africa, 50 clients were reached through Q4, 9% more than the 46 clients reached through Q4 2013

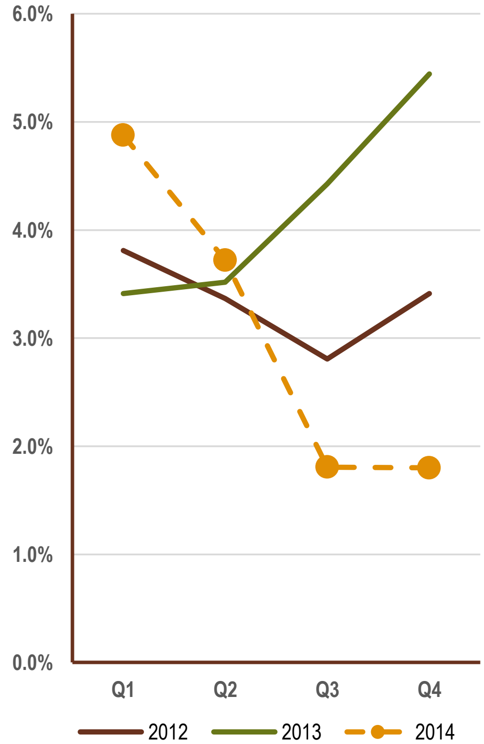
Portfolio Quality

Portfolio at Risk > 90 Days



- ➔ The Portfolio at Risk (PAR) over 90 days was 4.4% at the end of Q4, down from 4.9% at the end of Q3. Although the percentage of the portfolio balance in PAR over 90 days decreased from last quarter, the total outstanding balance in PAR over 90 days increased from $4M to $4.2M.
- ➔ PAR over 90 days in East Africa decreased from 14.2% ($2.1M) in Q3 to 11.5% ($1.7M) in Q4. Although two loans totaling $1.7M to a Tanzanian coffee client that had previously been in PAR over 90 days were written off in Q4, the balance in PAR over 90 days remained high due to the downgrade of four loans to three Rwandan coffee clients ($813K) and one loan to a processed pepper producer in Zimbabwe ($450K).
- ➔ PAR over 90 days in West Africa increased from 0% in Q3 to 3.8% ($513K) in Q4. A $513K loan to a Ghanaian shea producer was downgraded during Q4.
- ➔ The outstanding balance in PAR over 90 days in South America ($1.4M) and Central America ($598K) remained consistent from Q3 to Q4.

Loan Loss Ratio (Trailing 12 month average)



- ➔ The Loan Loss Ratio remained consistent from Q3 at 1.8% for year-end.
- ➔ The Loan Loss Ratio in East Africa was 8.9% at the end of Q4. As previously mentioned, two loans totaling $1.7M to a Tanzanian coffee client were written off in Q4.
- ➔ The Loan Loss Ratio in West Africa at the end of Q4 was 2.3%. One $417K loan to a cashew producer in Benin was written off during Q4.
- ➔ The Loan Loss Ratio in Central America at the end of Q4 was 0.3%. One $72K loan to a coffee client in Costa Rica was written off in Q4.
- ➔ The Loan Loss Ratio for South America is negative because recoveries received for loans previously written off ($251K) exceeded the amount written off ($118K) during 2014.
- ➔ In total, $443K was recovered in 2014 for loans previously written off, of which $11K was recovered in Q4.

Sustainable Trade Fund Financial Results & Analysis

All numbers in thousands	Sustainable Trade Fund 2014 YTD			
	Actual	Budget	Variance ($)	Variance (%)
Loan Interest and Fees	9,396	7,702	1,694	22%
Gain (loss) on Fx Lending	(75)	0	(75)	N/A
Total Earned Revenue	**9,321**	**7,702**	**1,619**	**21%**
Portfolio Yield	**11.0%**	**10.8%**	**0.2%**	**2%**
Net Provisioning Expense	4,132	3,052	1,080	35%
Provisioning Expense Ratio	4.9%	4.3%	0.6%	14%
Net Interest Expense	1,905	1,614	291	18%
Net Funding Expense Ratio	2.2%	2.3%	0.0%	-1%
STF Operating Expense	5,593	5,795	(202)	-3%
Operating Expense Ratio	6.6%	8.2%	-1.6%	-19%
Total Expenses	**11,630**	**10,461**	**1,169**	**11%**
Total Expense Ratio	**13.7%**	**14.7%**	**-1.0%**	**-7%**
STF Surplus / (Deficit)	**(2,309)**	**(2,759)**	**450**	**16%**
Operational Self Suffiency (OSS)	**80%**	**74%**	**N/A**	**N/A**

EARNED REVENUE

The full-year STF average portfolio balance of $84.7M was 38% higher than in 2013, and 21% above the target of $71M due to strong lending performance, as further described in the Sustainable Trade Fund section above. Portfolio Yield of 11.0% was 16 basis points higher than the expected rate, driven by fee revenue of $1.4M, stemming from $169.6M in disbursements (39% ahead of target).

NET PROVISIONING EXPENSE

As a result of some weakness in the portfolio, the STF incurred net provisioning expense of $2.2M, representing 54% of the full-year 2014 expense of $4.1M, which was $1.1M (35%) over the full-year target. Approximately 75% of the 2014 net provisioning expense is concentrated in the following:

- Throughout 2014, we reported on the status of two loans to a Tanzanian coffee client totaling $1.7M. Given the uncertainty of timing and amount of recovery, we wrote off those loans in November after we had booked $1.2M in provisioning expense net of guarantees. The precipitous decline in coffee prices through 2013, together with delays in the construction of a factory and in the delivery of new processing equipment (both fixed assets purchased with Root Capital's financing), significantly deteriorated the client's production and its capacity to continue normal operations and thereby honor its repayment schedule.
- Overall credit quality in Latin America was relatively stable during 2014, representing only one-third of total net provisioning expense in the STF despite Latin America representing two-thirds of the average outstanding balance. Of that expense, approximately $1.0M was concentrated in coffee clients, with about half of that booked in Q4. These clients were impacted by a number of factors, including the coffee leaf rust epidemic, liquidity issues and poor management.
- As of the end of 2014, three at-risk loans to Rwandan coffee clients, with a total balance of $719K outstanding, deteriorated further, causing additional provisioning of $664K in 2014. These clients had difficulty recovering from the 2013 coffee season in Rwanda when producers were hit by declining prices and ensuing commercialization difficulties. Despite restructured agreements, these clients have been unable to perform and honor the terms.

- ➔ A total of seven loans to four West African cashews clients were at risk as of the end of 2014, with five of the loans downgraded in Q4 and two earlier in the year. During 2014 we incurred approximately $400K in net provision expense against these loans, which have a total outstanding balance of $4.8M (including loans funding production facilities and working capital needs). Both production difficulties and quality issues have led to these clients having difficulty fulfilling their contracts and making scheduled payments, but product is still actively being shipped with additional payments expected soon.

INTEREST EXPENSE & INTEREST EARNED ON CASH AND INVESTMENTS

Net interest expense was $291K higher than projected, due to an increase in debt balance to accommodate higher lending capital needs. Higher utilization of lending capital led to a lower net funding expense ratio (funding expenses as a percentage of the average loan portfolio balance.)

LENDING PROGRAM OPERATING EXPENSE

STF operating expenses were $202K (3%) below budget, driven by modest savings in both lending and support departments.

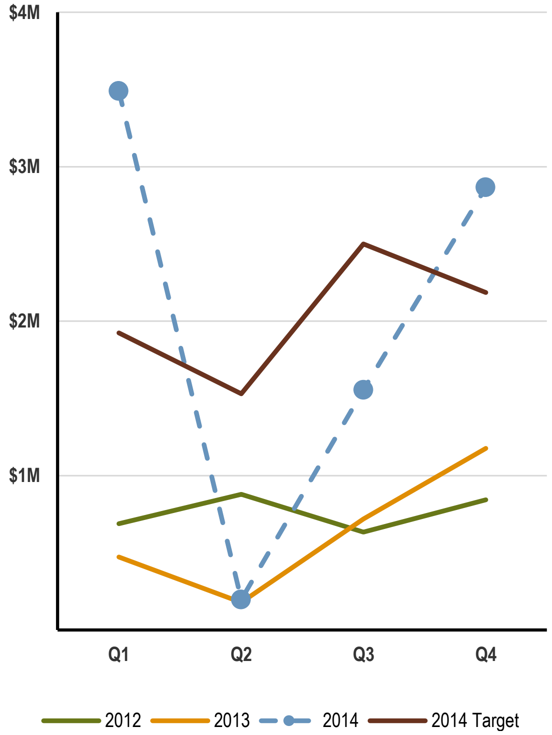
OPERATIONAL SELF SUFFICIENCY

Operational Self Sufficiency (OSS) was 80%, compared to a target of 74% and full-year OSS of 73% in 2013. This positive variance to target was driven primarily by revenue on a higher portfolio balance, as well as modest operating expense savings, which together more than offset higher-than-planned provisioning and funding expenses.

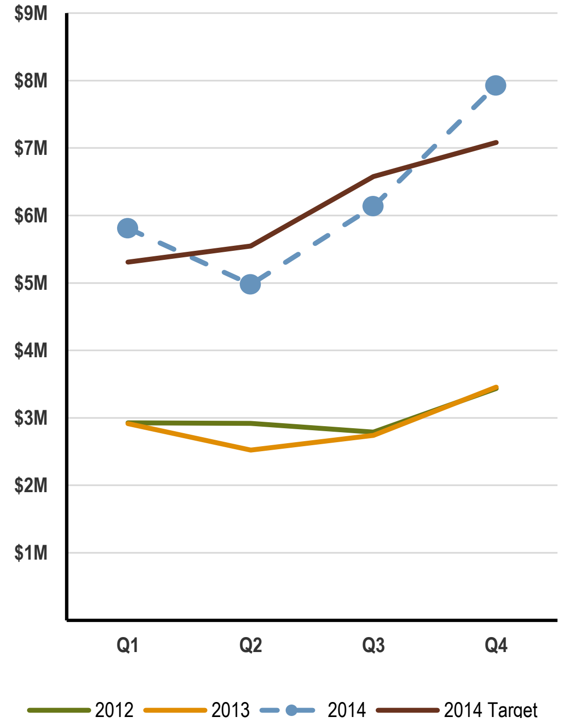
FRONTIER PORTFOLIOS

Portfolio Performance

Loan Disbursements by Year



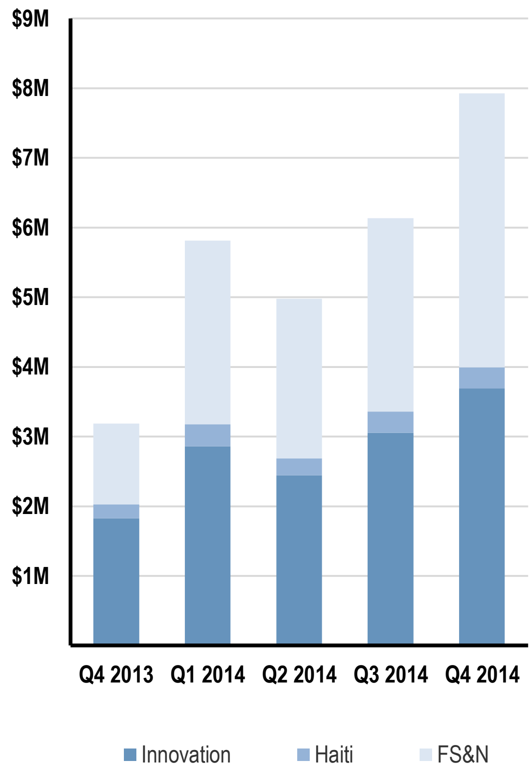
Outstanding Portfolio Balance by Year



- Total disbursements for Q4 in the Frontier Portfolios of $2.9M were 31% above target, largely due to strong performance in Central America and Mexico, at 55% above target.
- 2014 was highly variable: the first and fourth quarters were significantly above target and the other two quarters were significantly below target. However, the year-to-date disbursements have still hit the annual target of $8.1M. Year-to-date disbursements were 218% greater than those in 2013.
- East Africa has been a strong region for Frontier Portfolio growth in 2014 (121% year over year growth). Central America has also begun expanding substantially for the first time, particularly with one large client closed in Q4.

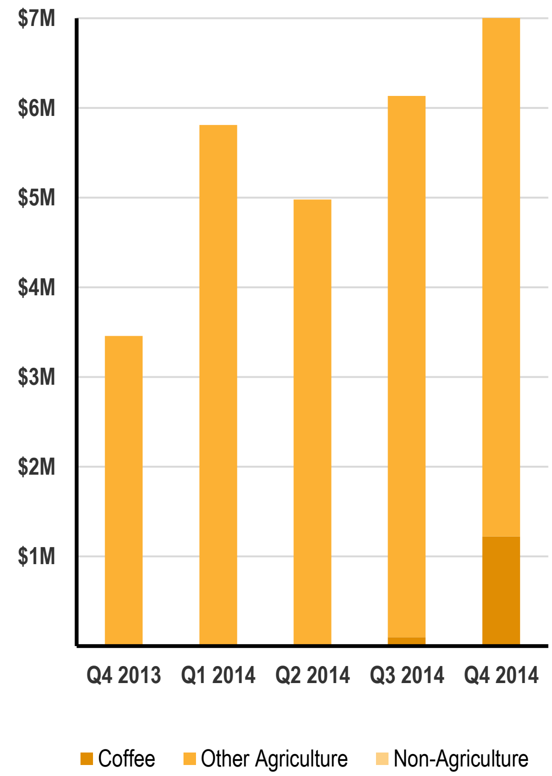
- Efforts to increase the size of the portfolio have been successful and the average balance has exceeded the target by 12% globally (119% year-over-year growth).
- While the portfolio balance has increased significantly, the number of clients has increased at a slower pace and remains at 16% below target as of December. The growth in balance therefore has been driven by a 38% greater balance per client than projected.
- Central America was the only region ahead of target (99%) as of December, although the region was 74% below target for average balance year over year. East Africa experienced the opposite trend, with a year-end balance 3% below target but an annual average balance significantly above target (57%).

Outstanding Balance by Portfolio



- The Innovation Portfolio comprises almost half of the Frontier Portfolios with a period end balance of $3.7M in Q4.
- The Food Security & Nutrition Portfolio (FS&N) has grown significantly over the past year and, despite missing target by 23%, it more than doubled to reach a period end balance of $3.9M in Q4.
- Of the global Frontier Portfolios balance, $3.2M (41%) is in EAF, where growth can be attributed to strong deal sourcing from value chain actors, technical assistance providers and industry events as well as FAS assistance and improved bandwidth in the Kenya office for Frontier activities.

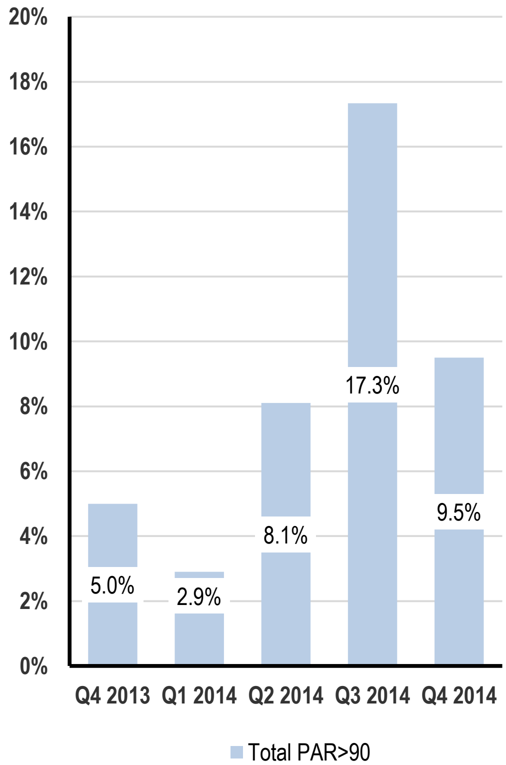
Outstanding Balance by Industry



- The Other Low Perishable Agriculture industry sector is the primary driver for most regions in the Frontier Portfolios, making up $6.7M of the entire period end balance (80%). Innovation industries are primarily sesame, chia, and seeds for farm inputs. Food Security and Nutrition is focused on soy, maize, and sorghum.
- The recent addition in Q4 of one large Innovation Portfolio coffee client in Central America is the first material Frontier activity outside of Other Low Perishable Agriculture, bringing the period end balance of the Coffee sector up significantly to $1.2M.
- The balances in both the Cocoa and High Perishable Agriculture industries, while comparatively small, have also exceeded target this quarter by 70% and 38%, respectively.

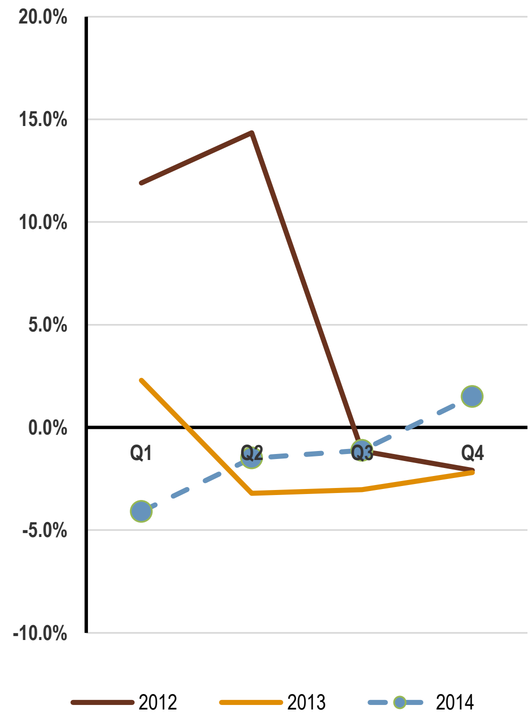
Portfolio Quality

Portfolio at Risk > 90 Days



- ➔ Portfolio at Risk (PAR) over 90 days in the Frontier Portfolios decreased from 17.3% ($1.1M) in Q3 to 9.5% ($755K) in Q4. All loans in PAR over 90 days in the Frontier Portfolios were in the Innovation Portfolio.
- ➔ The Innovation Portfolio had four loans in PAR over 90 days with a total balance of $755K, constituting 20.5% of the portfolio. The balance in PAR over 90 days decreased from Q3 due to the write off of a banana loan in Rwanda and a rice loan in Ghana.
- ➔ There are currently no loans in PAR over 90 days in the Food Security & Nutrition Portfolio or Haiti Portfolio.

Loan Loss Ratio (Trailing 12-month average)



- ➔ At the end of Q4, the loan loss ratio in the Frontier Portfolio was 1.5%.
- ➔ The Loan Loss Ratio in the Innovation Portfolio was 5.7%. Two loans from Rwanda and Ghana, totaling $266K, were written off during Q4.
- ➔ The Loan Loss Ratio in the Haiti Portfolio was 20.3%. No loans were written off in the Haiti Portfolio during Q4.
- ➔ The Loan Loss Ratio for the Food Security & Nutrition Portfolio was 0% at the end of Q4. This portfolio has yet to incur any losses.
- ➔ $129K was recovered over the past four quarters for loans written off in the now-closed North portfolio from previous years.

Frontier Portfolios Financial Results & Analysis

All numbers in thousands	Frontier Portfolios 2014 YTD Actual	Budget	Variance ($)	Variance (%)
Loan Interest and Fees	880	649	231	36%
Gain (loss) on Fx Lending	(574)	0	(574)	N/A
Total Earned Revenue	**306**	**649**	**(343)**	**-53%**
Portfolio Yield	**5.2%**	**11.2%**	**-6.0%**	**-54%**
Net Provisioning Expense	492	410	81	20%
Provisioning Expense Ratio	8.3%	7.1%	1.3%	18%
Net Interest Expense	32	50	(18)	-36%
Net Funding Expense Ratio	0.5%	0.9%	-0.3%	-37%
Frontier Portfolios Operating Expense	1,472	1,673	(201)	-12%
Operating Expense Ratio	24.9%	28.8%	-3.9%	-13.4%
Total Expenses	**1,996**	**2,133**	**(137)**	**-6%**
Total Expense Ratio	**33.8%**	**36.7%**	**-2.9%**	**-8%**
Frontier Surplus / (Deficit)	**(1,690)**	**(1,484)**	**(206)**	**-14%**

EARNED REVENUE

Full-year interest and fee revenue in the Frontier Portfolios was $880K, 36% percent above target. 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 $8.1M compared to a target of $8.1M.

Interest and fee revenue was offset by $574K in losses on loans denominated in foreign currency. These losses are partially offset by higher rates charged for local currency loans. The largest losses occurred on loans denominated in Ghanaian Cedi. We estimate that approximately 66% of year-to-date Local Currency Foreign Exchange losses are offset by the interest premium charged on loans in those currencies.

ALLOWANCE FOR LOAN LOSS EXPENSE

We incurred a total of $475K in net provisioning expense in the Frontier Portfolio for a Net Provisioning Expense Ratio of 8%, $64K (16%) above target. Through Q3, the Frontier Portfolios incurred $420K in provisioning expense (74% above target), driven mainly by the downgrade of one large loan in the Innovation Portfolio in Central America with an expense of $250K. This expense was partially offset by $197K in recoveries on loans previously written off, including $106K from the legacy North Portfolio. Then, in Q4, the Frontier Portfolio incurred an additional $54K in net provisioning expense, driven mainly by the downgrade of two Innovation loans in Ghana ($134K additional expense) and offset by upgrades and repayments of loans previously provisioned for loss as well as $159K in further recoveries.

INTEREST EXPENSE & INTEREST EARNED ON CASH AND INVESTMENTS

Through Q4, we incurred net interest expense of $32K in the Food Security & Nutrition and Haiti Portfolios.

LENDING PROGRAM OPERATING EXPENSE

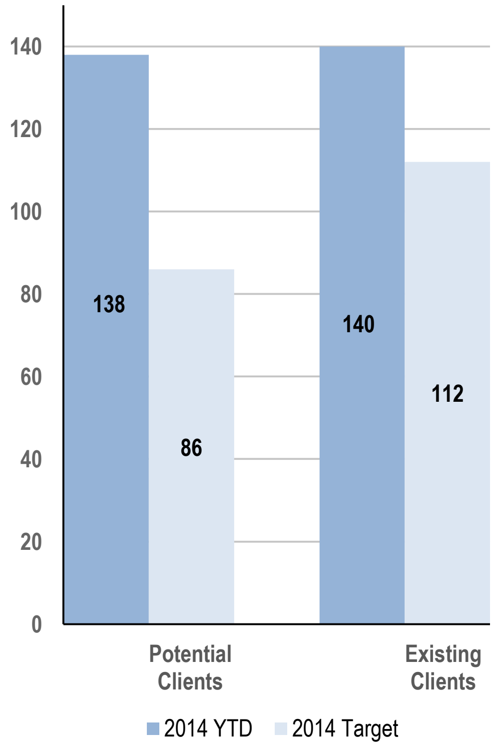
Operating expenses of $1.1M were 12% below budget, driven by savings in both lending and support departments, which are further addressed on page 20.

FRONTIER PORTFOLIOS OPERATING DEFICIT

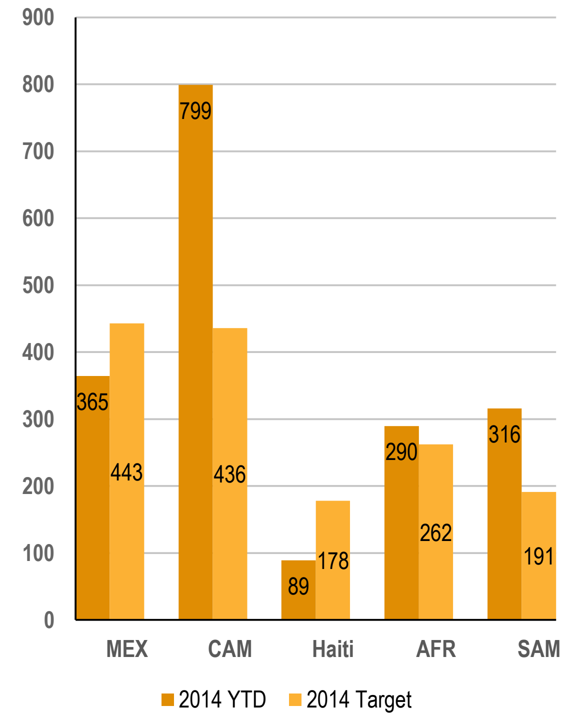
Despite savings in operating expenses and higher-than-projected interest and fee revenue, losses on FX lending led to a deficit of $206K higher than expected.

FINANCIAL ADVISORY SERVICES

Groups Served by Financial Advisory Services (through Q4)



Days of Training Delivered by Financial Advisory Services (through Q4)



- 2014 was a landmark year for Root Capital's Advisory Services. We provided financial training to 278* agricultural small and growing businesses from coffee cooperatives in Guatemala to seed processors in Tanzania. The expansion of training products, geographic diversification and increased momentum with the Coffee Farmer Resiliency Initiative (CFRI) allowed us to surpass our annual target for enterprises reached and days of training delivered by a healthy margin.
- Enterprises trained during 2014 were evenly divided between current and potential lending clients, reflecting our focus on increasing portfolio quality while maintaining our efforts to bring new clients into our credit pipeline.
- We conducted our first on-site training in West Africa during the fourth quarter and further expanded operations in Colombia, a country recognized for its potential within Root Capital's Lending portfolio.

**This figure excludes light-touch centralized events and agronomic training activity. Beginning Q1-2015, the latter will be included in both the targets and activity reported.*

- We provided nearly 1,858 days of financial training, and facilitated nearly 100 days of agronomic training through specialized local partners, a first for Root Capital. Global training activity surpassed our full-year target by 22%, reflecting 18% growth year-over-year.
- Over a third of the training was provided in Central America, the hub of our agronomic and internal credit system activities under the CFRI. We focused on strengthening internal operations and credit systems through targeted capacity building, primarily with clients that are also part of Root Capital's loan portfolio.
- We also exceeded our training outputs in South America and Africa, both of which saw geographic expansion into new countries. Our re-entry into Bolivia and Colombia, previously a challenge due to funding constraints, was in response to the need expressed by our regional Lending team for financial training for potential clients.

CATALYZE PROGRAM PERFORMANCE

In November, we launched our first multi-site impact study — "Improving Rural Livelihoods: A Study of Four Guatemalan Cooperatives." The study has been viewed over 400 times and downloaded by more than 150 people, and we shared the results through a series of blogs on Back Roads to Boardrooms. Following the launch, Asya Troychansky, Root Capital Impact Officer, presented the findings at a special "Women in Agribusiness" workshop hosted by the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB). The workshop brought together over 75 practitioners to discuss methods for empowering women as farmers, entrepreneurs and leaders throughout agricultural value chains.

Brian Milder, Senior Vice President of Strategy, Advisory & Innovation, and Nate Schaffran, Senior Vice President of Lending, attended the biannual meeting of the Council on Smallholder Agricultural Finance in November in Brussels. Topics under discussion included standardized financial and risk metrics, additionality and impact reporting.

FIELD-BUILDING & THOUGHT LEADERSHIP

- In recognition of World Food Day on October 15, CEO Willy Foote participated in a panel discussion focused on efforts to expand smallholder agricultural finance. Held on the sidelines of the 2014 Borlaug Dialogue in Des Moines, Iowa, the event was hosted by Dalberg and the Initiative for Smallholder Finance and also featured peer organizations TechnoServe and Opportunity International. Following the event, Willy reflected on the pioneering work of Norman Borlaug in an article on Forbes.com.
- Asya Troychansky, Impact Officer, presented at the McKnight Foundation workshop in Bolivia for grantees of their Collaborative Crop Research Program on data collection methodology design.
- Ben Schmerler, Director of Corporate Relations, presented on "What can cocoa learn from Specialty Coffee" at Let's Talk Cocoa in Panama City, Panama.
- Ben Schmerler also presented on "Collaboration in Impact Investing" at the Opportunity Collaboration in Ixtapa, Mexico.
- Lubna Elia, Senior Director of Governance & Compliance, presented at The Legatum Center for Development and Entrepreneurship (MIT) on "Legal Seminar #1: Selecting a Corporation Type, Registering Your Business, and Governance Matters for International Organization."
- The Advisory Services team in Central America organized a financial round table event Honduras to 1) provide training on environmental due diligence to eight local commercial banks, and 2) connect participating financial institutions to specific smallholder farmer organizations in need of financing.
- Meghan Butler, Business Systems Analyst, presented Root Capital's custom loan management application developed on the Salesforce.com platform at the annual Dreamforce conference in San Francisco.

PUBLICATIONS

- Following the publication of our second issue brief, "*Applying a Gender Lens to Agriculture: Farmers, Leaders, and Hidden Influencers in the Rural Economy*" Willy Foote interviewed Julie Katzman, Executive Vice President and Chief Operating Officer of the Inter-American Development Bank, for a related article on Forbes.com.
- In another post on Forbes.com, Willy Foote highlighted the institutional strength of the Liberian Women's Sewing Project, a Root Capital client since 2010, in the shadow of the worst Ebola outbreak in history.

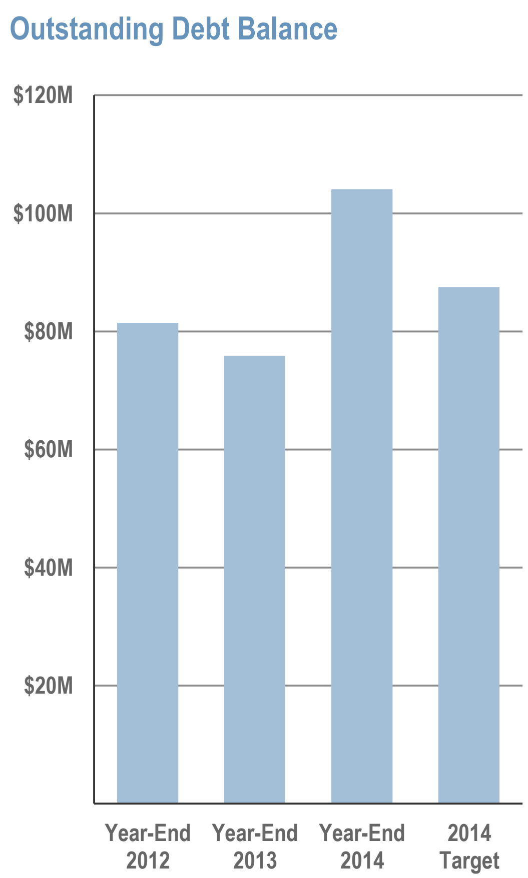
OVERALL OPERATING RESULTS

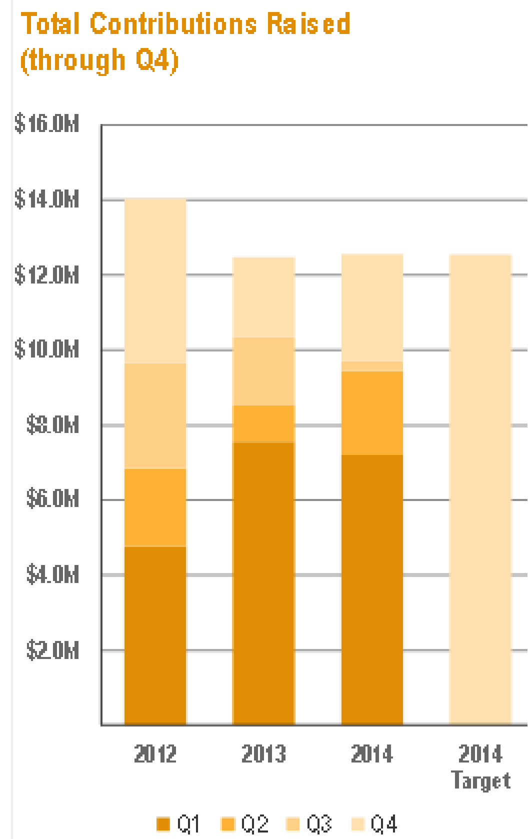
Operating Expense by Program

Program *All numbers in thousands, YTD*	2014 Operating Expenses			2013 Operating Expense	
	2014 Actual	2014 Target	Variance (%)	2013 Actuals	Yr/Yr Growth
Finance Opex (Sustainable Trade Fund)	5,593	5,795	-3.5%	4,920	13.7%
Finance Opex (Frontier Portfolios)	1,472	1,673	-12.0%	1,496	-1.6%
Advise Opex	5,103	4,748	7.5%	4,606	10.8%
Catalyze Opex	2,830	3,552	-20.3%	2,730	3.7%
Total Opex	**14,998**	**15,768**	**-4.9%**	**13,752**	**9.1%**

- 2014 full- year total operating expenses were $15.0M, an increase of $1.2M (9.1%) from total operating expenses in 2013. This year-over-year growth is largely driven by increased spending in the Sustainable Trade Fund, which managed an average portfolio growth of 37%, and the Advise program, which scaled up with CFRI work in Central America. Total organizational 2014 operating expenses were $769K (4.9%) below the full year budget target, primarily due to significantly lower-than-planned spending on travel and Advisory workshops.
- Combined Finance Program operating expenses for the full year were $7.1M, $403K (5.4%) below the full year target. Significantly lower-than-budgeted spending on personnel and consultants explains the majority of this underspending. Finance program expenses were 10% higher than the same period in 2013. This is materially lower than the 35% 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 for 2014 increased by $498K (10.8%) from 2013. This increase is driven by the launch of the Resilience Fund, a sub-component of CFRI, which provided $590K of agronomic assistance to coffee farmers struck by coffee leaf rust. This increase was fully-funded by a consortium of donors.
- Total operating expenses for Catalyze for 2014 grew by $100K (3.7%) from 2013. However, this was $722K under the original 2014 annual budget for the program. A restructuring and delay in scaling Information and Communication Technology (ICT) work during 2014 accounted for over a third of the lower-than-planned spending. Additional slower expansion of Root Capital's Industry, Products & Markets (IPM) program and impact studies and social and environmental metric collections account for the other drivers of slower growth for the Catalyze program. Both the ICT and IPM programs are scheduled to increase in 2015.

Fundraising Results





- We ended the year with just over $104M in debt under management.
- We raised over $9.6M in new notes from investors in the fourth quarter and a total of $35.2M for the year. To more efficiently manage our capital utilization, we also secured more flexible, short-term debt from investors, including $10M in lines of credit.
- In Q4, we achieved a 91% capital utilization rate, above our target of 90%.

- By year-end, we had raised just over $12.6M, fully covering our operating needs and producing a small surplus for the organization. In addition, we raised $1M to support the balance sheet and enable growth in our lending program.
- In addition to funds raised for use in 2014, we ended the year having raised $10.8M for use in future years.
- Among new partners in 2014 was the Swedish International Development Agency (SIDA), which provided grant funding of $640K to launch a foreign currency reserve account.

Balance Sheet Highlights & Key Ratios

We continue to improve the size and strength of our balance sheet by putting available cash to work through growth of in our loan portfolios and by structuring flexible, reasonably-priced sources of funds. Total liabilities are up 38% from one year ago, with a higher percentage deployed to the lending portfolio than one year prior.

- ➔ Gross Loans receivable are markedly higher, up 43% from the beginning of the year. Total liabilities are up 38% from one year ago, while cash is down 5%, reflecting a higher percentage deployed to the lending portfolio than in Q4 2013.
- ➔ During the past year of rapid expansion, we improved our demand forecasting processes for disbursements and repayments, refined our capital utilization management and innovated upon our sources of funds, including expanded use of new lines of credit and Board approval to utilize a portion of our designated reserves as needed.
- ➔ Since 1/1/14, we've raised $35.2M in new investments and $10M in credit lines, with a net increase in Notes Payable and other debt of $29.0M. During the same period, our total loans receivable has increased by $31.0M, and consequently, our capital utilization increased to a healthy 91%, above our long-term capital utilization target of 90%.
- ➔ Net assets have increased by $1.4M year-to-date (excluding purpose and time restricted net assets) and are reflected in our year-end Debt-to-Equity (Net Asset) Ratio of 4.28:1, favorably within covenants of 5:1.

Balance Sheet Highlights *All numbers in thousands*	Q4 2014 Actual	Q4 2014 Budget	Variance ($)	Variance (%)	FY 2013 Actuals	Change since 12/31/2013 (%)
Cash and Short-Term Investments	26,964	38,319	(11,355)	-30%	28,418	-5%
Total Loans Receivable	103,125	76,046	27,079	36%	71,876	43%
Less: Allowance for Loan Loss	(4,621)	(3,071)	(1,549)	50%	(1,636)	182%
Loans Receivable (net)	98,504	72,974	25,530	35%	70,240	40%
Other Assets	17,441	20,627	(3,186)	-15%	16,928	3%
Total Assets	**142,910**	**131,921**	**10,989**	**8%**	**115,586**	**24%**
Total Notes Payable & Other Debt	104,053	85,611	18,443	22%	74,927	39%
Other Liabilities	4,494	2,883	1,610	56%	3,580	26%
Total Liabilities	**108,547**	**88,494**	**20,053**	**23%**	**78,507**	**38%**
Total Net Assets	**34,362**	**43,427**	**(9,064)**	**-21%**	**37,079**	**-7%**
Total Liabilities & Net Assets	**142,910**	**131,921**	**10,989**	**8%**	**115,586**	**24%**

Key Financial Ratios	Q4 2014 Actual	Q4 2014 Target	Variance (%)	FY 2013 Actuals	Change since 12/31/2013 (%)
Debt-to-Equity Ratio	4.28	3.32	29%	3.27	31%
Capital Utilization	91%	77%	19%	84%	9%
Current Ratio	2.54	N/A	N/A	4.41	-42%

APPENDIX: Q4 2014 FINANCIAL STATEMENTS

Balance Sheet Highlights as of December 31, 2014

in thousands	December 2014			YTD Dec-14 vs Dec-13		Dec-14 vs Dec-13	
	Actual	**Target**	**$ Variance**	**December-13**	**% Y/Y**	**December-13**	**$ Change**
Total Loans Receivable	103,124	76,046	27,079	71,876	43%	71,876	31,249
Allowance for Loan Losses	4,621	3,071	1,549	1,642	181%	1,642	2,979
Total Net Loans Receivable	**98,504**	**72,974**	**25,529**	70,234	40%	70,234	28,270
Total Notes Payable & Other Debt	104,053	85,611	18,443	74,948	39%	74,948	29,105
Cash and Short Term Investments	26,964	37,975	(11,010)	28,418	-5%	28,418	(1,454)
Capital Under Management	123,655	106,537	17,118	93,113	33%	93,113	30,542
Total Assets	**142,910**	**131,921**	**10,989**	**115,586**	**24%**	**115,586**	**27,324**

Statement of Financial Position as of December 31, 2014

in thousands	December 2014				YTD Dec-14 vs Dec-13		Dec-14 vs Dec-13	
	Operating	**Sustainable Trade Fund**	**Frontier Portfolios**	**Total Root Capital**	**December-13**	**% Y/Y**	**December-13**	**$ Change**
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	6,270	6,784	3,400	16,454	12,186	35%	12,186	4,268
Cash loan loss reserve (10% of gross loans rec.)		9,520	793	10,312	7,188	43%	7,188	3,125
Escrow funds		1,934	-	1,934	1,331	45%	1,331	603
Investments		198	-	198	9,045	-98%	9,045	(8,847)
Current loans receivable, net of allowance for loan losses of $4.8 m and $1.6m		52,099	4,196	56,295	47,896	18%	47,896	8,399
Interest receivable, net of allowance for interest losses of $197k and $62k		1,982	369	2,351	1,307	80%	1,307	1,045
Grants receivable and accounts receivable	6,518	2,345	500	9,362	11,182	-16%	11,182	(1,820)
Hedging receivable	(1)	1,477	58	1,534				1,534
Other current assets	460		-	460	320	44%	320	139
Total current assets	13,246	76,339	9,316	98,901	90,455	9%	90,455	8,446
EQUIPMENT AND IMPROVEMENTS, net	136		-	136	226	-40%	226	(90)
LOANS RECEIVABLE, net of current portion		39,016	3,192	42,208	22,338	89%	22,338	19,871
GRANTS RECEIVABLE, net of current portion	1,209	373	-	1,582	2,476	-36%	2,476	(894)
OTHER NON-CURRENT ASSETS	83		-	83	92	-10%	92	(9)
Total assets	**14,674**	**115,728**	**12,508**	**142,910**	**115,586**	**24%**	**115,586**	**27,324**
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Notes payable, short term		24,067	-	24,067	15,398	56%	15,426	8,640
Notes payable, subordinated		625	-	625	1,650	-62%	1,650	(1,025)
Recoverable grant		-	200	200	-		-	200
Line of Credit		3,000	-	3,000	-		-	3,000
Loan participation liability			-	-	21	-100%	21	(21)
Escrow funds		1,934	-	1,934	1,331	45%	1,331	603
Deferred Revenue	10			10	-		-	10
Accounts payable & accrued expenses	1,327		-	1,327	1,220	9%	1,220	107
Accrued vacation & salary payable	428		-	428	368	16%	368	60
Accrued interest payable		759	3	762	543	40%	543	219
Total current liabilities	1,766	30,384	203	32,353	20,530	58%	20,559	11,794
DEFERRED RENT LIABILITY	33		-	33	97	-66%	97	(64)
Line of Credit Long Term		7,000		7,000	-			7,000
NOTES PAYABLE, Long Term		62,762	5,000	67,762	56,880	19%	56,851	10,911
SUBORDINATED DEBT		400	1,000	1,400	1,000	40%	1,000	400
Total liabilities	1,798	100,546	6,203	108,547	78,507	38%	78,507	30,040
NET ASSETS:								
Unrestricted:								
Operating reserve	4,729		-	4,729	4,729	0%	4,729	-
Permanent lending capital - board designated		2,755	-	2,755	4,443	-38%	4,443	(1,688)
Loan loss reserve - board designated		4,053	793	4,846	2,721	78%	2,721	2,125
Undesignated unrestricted net assets	-		-	-	-	0%	-	-
Total unrestricted	4,729	6,808	793	12,329	11,893	4%	11,893	437
Temporarily restricted:				-				
Purpose and time	8,147	1,323	562	10,032	14,185	-29%	14,185	(4,153)
Permanent lending capital-donor designated		1,584	4,950	6,534	6,534	0%	6,534	-
Loan loss reserve-donor designated		5,467		5,467	4,467	22%	4,467	1,000
Total temporarily restricted	8,147	8,374	5,512	22,033	25,186	-13%	25,186	(3,153)
Total net assets	12,876	15,182	6,305	34,362	37,079	-7%	37,079	(2,716)
Total liabilities and net assets	**14,674**	**115,728**	**12,508**	**142,910**	**115,586**	**24%**	**115,586**	**27,325**

Statement of Activities

December 31, 2014

in thousands	December			YTD Actuals vs. YTD Performance Targets			Y/Y Growth (%)	
	Sustainable Trade Fund	**Frontier Portfolios**	**Total Root Capital**	**YTD December Targets**	**$ Var.**	**%**	**December 2013**	***14 YTD vs 13 YTD***
FINANCE								
Loan interest, net of int losses reserve expense	7,915	790	8,705	7,151	1,555	22%	6,354	*37%*
Fees	1,433	90	1,523	1,200	323	27%	1,170	*30%*
Co-lending services	47		47	-		N/A	-	
Gain (loss) on FX lending	(75)	(574)	(649)	-	(649)	N/A	(211)	*208%*
Total earned revenue	**9,321**	**306**	**9,626**	**8,351**	**1,276**	**15%**	**7,314**	***32%***
Portfolio Yield	*11.0%*	*5.2%*						
Loan loss reserve expense	5,434	847	6,281	3,718	2,563	69%	3,370	*86%*
Less: Revenue on recovered loans and guarantees	(1,302)	(355)	(1,658)	(256)	(1,402)	547%	(531)	*212%*
Provisioning Expense Ratio	*4.9%*	*8%*					-	
Interest expense	2,017	40	2,057	1,790	267	15%	1,774	*16%*
Less: Interest and investment income	(112)	(8)	(120)	(126)	6	-5%	(189)	*-36%*
Net Funding Expense Ratio	*2.2%*	*0.5%*					-	
FINANCE operating expense	5,593	1,472	7,065	7,468	(403)	-5%	6,410	*10%*
Operating Expense Ratio	*6.6%*	*24.9%*					*0.0%*	
FINANCE surplus / (deficit)	**(2,309)**	**(1,690)**	**(3,999)**	**(4,243)**	**244**	**-6%**	**(3,520)**	***14%***
STF Operational Self Sufficiency	*80%*			*74%*			*73%*	
ADVISE and CATALYZE								
Contracted Revenue			(259)		(259)	N/A		
ADVISE operating expense			5,103	4,748	356	7%	4,607	*11%*
CATALYZE operating expense			2,830	3,552	(722)	-20%	2,729	*4%*
ADVISE and CATALYZE			**7,674**	**8,299**	**(366)**	**-4%**	**7,336**	***5%***
Contributions			**12,003**	12,543	(540)	-4%	11,027	*9%*
Net Operating Surplus / (Deficit)			**329**	**0**	**329**	**N/A**	**171**	***92%***
Other Non Operating expense (1)			(20)		(20)	N/A		
Net Surplus / (Deficit)			**349**	**0**	**349**	**N/A**	**171**	***104%***

(1) On May 30th a wire transfer was mistakenly sent to a former client, and Root Capital recovered these funds. On October 23rd Root Capital recovered the remaining balance plus administrative fees of $20K.

***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			6,370	**6,370**
T/R revenue released for opex			(9,523)	**(9,523)**
LLR released	1,000		(1,000)	**-**
Change in T/R Net Assets	1,000	-	(4,153)	**(3,153)**

Total Contribution Goal: Budget vs Actual	Actual	Board Approved Budget	Var. %
Unrestricted Operating Contributions	12,003	12,543	96%
PLC and LLR Grants	1,000	1,500	67%
Total	13,003	14,043	93%

Use of Annual Operating Surplus	Actuals	Board Approved Budget	Var. $
Operating Reserve	-	777	(777)
Board Designated Loan Loss Reserve	2,125	(1,160)	3,285
Board Designated PLC	(1,775)	459	(2,234)
Operating Surplus	**349**	**76**	274

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.