Performance Report

Q1 2014

root capital

OVERVIEW

Root Capital began 2014 with a strong first quarter, surpassing projected loan disbursement targets in all of our regions. This positive start to the year is in contrast with the near perfect storm in 2013 of collapsed coffee prices, a devastating outbreak of coffee leaf rust in Latin America, and increased competition for our largest clients (a good thing for farmers, but still challenging for our bottom line as we help crowd in capital providers to the smallholder finance space). Our healthy Q1 performance is attributable not only to a rebound in the specialty coffee market, tied in large measure to erratic weather in Brazil, the world's largest coffee producer country, but also to a series of business-improvement initiatives we began implementing last year in response to market challenges.

Portfolio Performance: Sustainable Trade Fund

At the end of Q1, the outstanding portfolio balance of the Sustainable Trade Fund (STF) was $81.5 million, 19 percent above target and 43 percent above outstanding balance level at the end of Q1 2013. We disbursed $42.5 million in loans from the STF in Q1, more than double the $20.4 million disbursed in Q1 2013 and 55 percent higher than our target for the quarter. Through this lending activity, we reached 192 small and growing businesses that are improving livelihoods for 369,000 producers in Africa and Latin America (see note on page 7 for an update to our impact reporting methodology).

We experienced year-over-year growth in all regions, with especially strong performance in Central America and West Africa. Despite conservative expectations for the Central American harvest due to lower coffee prices and the impact of coffee leaf rust, or roya, the Central American harvest was strong, with coffee prices reaching $2.08 a pound, up more than 100 percent from November lows. This fast swing in prices points to an unprecedented level of volatility of the coffee market, which we contextualize with the Coffee Price Volatility section on page 4 of this report. Spurred by higher coffee prices and our clients' resulting need for increased financing, our Q1 lending performance was encouraging, yet we continue to proceed cautiously knowing this volatility poses a higher risk of market fluctuations.

Disbursements in Central America were 57 percent above target and 68 percent above Q1 2013 results. As examples of the improved business climate, existing clients in Nicaragua and Honduras requested larger loans than initially anticipated, and loans to several new clients in both countries drove the increase in outstanding balance for the quarter. Additionally, although the impact of roya on our clients has thankfully been less severe than expected on the whole, we disbursed $425,000 in long-term coffee renovation loans in Q1, bringing the total lending activity under our Coffee Farmer Resilience Initiative to $2.45 million.

In West Africa, we also saw significant growth. In Q1, we disbursed $6.2 million to clients in the region, exceeding our target by 25 percent and far surpassing the $313K disbursed in West Africa during the same time last year. Recent staffing additions to the West Africa team and resulting new client acquisition in the cocoa and cashew sectors fueled this growth. Outstanding balance in the region was $11.1 million, up from $2.6 million at the end of Q1 2013. Although we are again encouraged by this growth, the increase is grounded in a number of larger loans that we will carefully manage given the concentration of risk they represent.

Over the past year, we have focused much effort on diversification, expanding our engagement in new industries and presence in new geographies. In Q1, we saw the concentration of coffee loans in our outstanding balance fall 11 percent from the same time last year (57 percent in Q1 2014, compared to 68 percent in Q1 2013) as we diversified into other industries. Cocoa, increasing from four percent of the outstanding balance in the STF in Q1 2013 to 13 percent in Q1 2014, is now our second largest industry, followed by cashews at five percent. Robust risk management practices have helped smooth the bumpy journey into new industries and value chains, but provisioning has been higher than initially anticipated.

Portfolio Performance: Frontier Portfolios

Disbursements to clients in the Frontier Portfolios, the majority of whom are non-coffee clients, totaled $3.5 million in Q1, exceeding the disbursement total for all of 2013 by $1M. The period end portfolio outstanding balance was $5.8M, nine percent above projections and 99 percent above last year. Royal Danemac, an agro-processing company in Ghana using local soybeans and cotton seeds to produce vegetable oil and animal feed for poultry and livestock, was among the 19 businesses included in the Frontier's Innovation portfolio in Q1. Annually, Royal Danemac procures 1,200 tons of soya directly from 600 farmers—about 40 percent of whom are women—located in northern Ghana, one of the poorest and remotest regions of the country. In addition to creating attractive and reliable market access for those farm households, through the production of soy meal, Royal Danemac promotes the growth of the local poultry and egg industry, thereby improving food security for Ghanaians.

Portfolio Quality

Portfolio quality remained strong throughout the first quarter of the year. In the Sustainable Trade Fund, portfolio-at-risk (PAR) was 2.0 percent, down from 4.2 percent at the end of Q1 2013. Although PAR was down from the same period last year, PAR increased from 1.6 percent last quarter, primarily due to the downgrade of three loans to two coffee clients in Peru and Costa Rica. The Loan Loss Ratio decreased from 5.4 percent at the end of Q4 2013 to 4.9 percent at the end of Q1. Only one loan was written off during the quarter, a $230,000 sesame loan in Mali. After making our first three loans in the Democratic Republic of Congo last year, each was repaid in full, and we are in the process of underwriting renewals for these clients for the upcoming harvest season. In the Frontier portfolios, portfolio-at-risk was 2.9 percent, down from 5.9 percent in Q1 2013 and 5.0 percent last quarter. We had our first write-off in the Innovation Portfolio, $55,000 to a shea client in Burkina Faso.

Financial Advisory Services

Our Financial Advisory Services (FAS) program provided 188 days of training to 104 rural small and growing businesses throughout Q1. We successfully completed two workshops in Senegal and Côte d'Ivoire and now provide financial advisory services in each of the four major regions of our lending portfolio. The training component of the Coffee Farmer Resiliency Initiative also began in Q1, with a strong emphasis on helping our clients develop and strengthen internal credit systems.

Fundraising

We ended the quarter with $82.4 million in total debt under management, a 10 percent increase over year-end 2013. High disbursement growth in Q1 put pressure on our lending cash flow bringing cash level down 53 percent from the same time last year. With the support of our investors, we were able to successfully bring on new short-term liquidity facilities, respond to increased demand from our clients and meet the peak lending need in March. As the Central American coffee harvest closes and we approach the South American coffee harvest this summer, the credit demand will be heavily influenced by the global coffee price and we are likely to be raising additional capital to meet the increased needs of our clients.

Catalyze Strategy

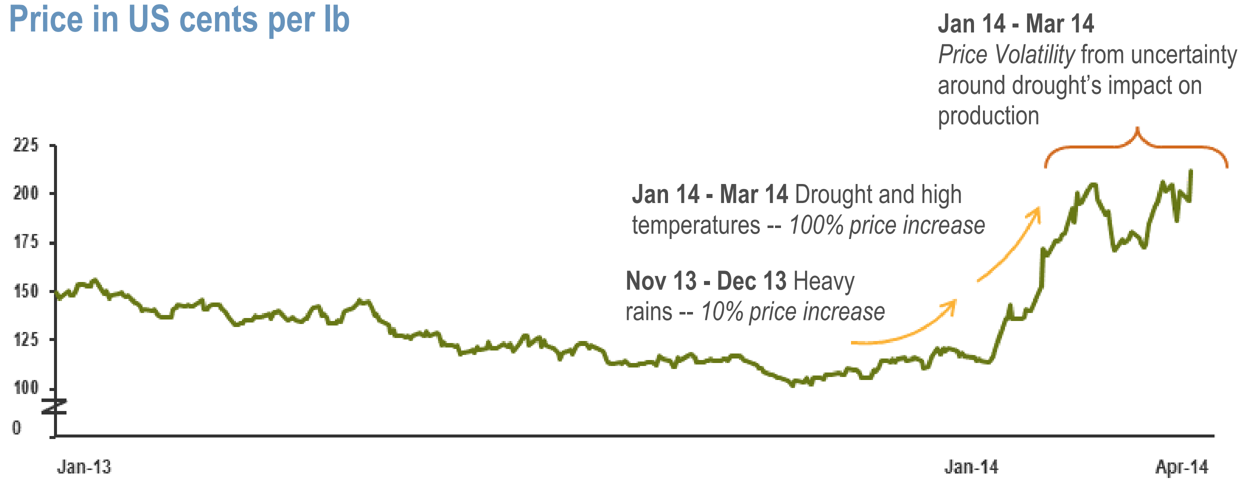
We recently saw two major accomplishments in our Catalyze strategy. The first was the release of our inaugural issue brief in January, the first in our new series supported by The Skoll Foundation and the Citi Foundation. The brief focuses on the emerging business case for financial institutions to conduct due diligence on the social and environmental practices of their borrowers. Along with the issue brief, we have also released the social and environmental due diligence scorecards used by our loan officers, as well as an accompanying methodology guide to present Root Capital's approach to social and environmental due diligence in greater detail. To date, the issue brief and accompanying materials have been downloaded nearly 1,000 times.

In early April, 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. The seven founding CSAF members will convene on a pre-competitive basis to exchange views and experiences related to industry standards, responsible lending practices and social and environmental impact. Ultimately, it's our hope that CSAF's activities will encourage other financial institutions to increase lending to small and growing agricultural businesses while ensuring responsible lending practices that will enable our nascent industry to serve agricultural businesses and smallholder farmers sustainably and in perpetuity.

After a challenging 2013, we are glad to share our healthy financials and year-over-year growth in this Q1 Quarterly Performance Report. While we are acutely aware of the challenges that higher, volatile prices present to smallholder farmer enterprises and the service providers who enable their growth and prosperity, we remain cautiously optimistic about the year ahead. Thank you for your willingness to help us navigate these choppy waters and for your steadfast belief in and support for our work.

Coffee Price Volatility

ICE Arabica Coffee
Price in US cents per lb



- ➔ Global concentration of coffee production: Brazil and Vietnam produce ~60% of the world's coffee, up from 30% in 1990.
- ➔ Brazil's drought drove coffee prices up more than 100% from November's lows.
- ➔ Price volatility is at its highest in more than a decade due to uncertainty around the degree of damage to the Brazilian harvest, and is likely to continue until official harvest estimates become available in June.

Q1 2014 DASHBOARD*

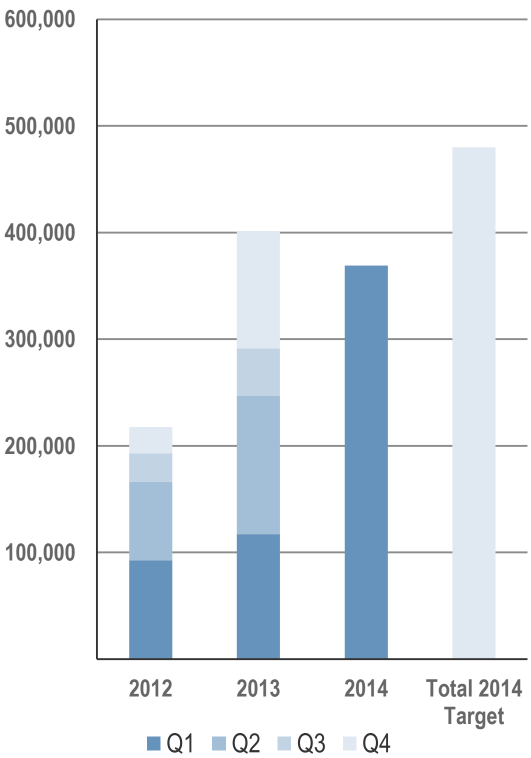
Metric	Result	Target	Results as % of Target	Page
Social and Environmental Metrics				
Number of Producers Reached	390K	642K for 2014	61%	6
Producers supplying enterprise	369K	480K for 2014	77%	6
Producers buying inputs	21K	162K for 2014	13%	6
Purchases from Producers	$754M	$890M for 2014	85%	6
Total Revenue of Rural SGBs	$903M	$1B for 2014	84%	7
Sustainable Hectares under Management	512K	890K for 2014	57%	7
Lending Program				
Loan Disbursements	$46.0M	$29M through Q1	156%	
Sustainable Trade Fund	$42.5M	$27M through Q1	155%	8
Frontier Portfolios	$3.5M	$2M through Q1	181%	13
Outstanding Portfolio Balance**	$87.3M	$74M through Q1	119%	
Sustainable Trade Fund	$81.5M	$68M through Q1	119%	8
Frontier Portfolios	$5.8M	$5.3M through Q1	109%	13
Number of Clients Reached	192			
Sustainable Trade Fund	172			10
Frontier Portfolios	20			
Average Outstanding Balance per Active Loan**	$361K			
Sustainable Trade Fund	$388K			10
Frontier Portfolios	$182K			
Portfolio-at-Risk Over 90 Days**	2.0%	5.2% for 2014	38%	
Sustainable Trade Fund	2.0%	5.1% for 2014	39%	11
Frontier Portfolios	2.9%	6.4% for 2014	45%	15
Loan Loss Ratio**	4.4%	1.90% for 2014	232%	
Sustainable Trade Fund	4.9%	1.80% for 2014	271%	11
Frontier Portfolios	-4.1%	4.64% for 2014	-88%	15
Financial Advisory Services (FAS)				
Number of Groups Served by FAS	104	199 for 2014	53%	16
Days of Training Delivered	188	1835 for 2014	12%	16
Catalyze Program				
Overview of Catalyze Program	See page 17 for discussion of Catalyze Program			
Operating Results**				
Total Operating Expense	$3.5M	$4.2M through Q1	83%	21
Debt to Equity	3.18	3.12 through Q1	102%	23
Capital Utilization	92.0%	81% through Q1	113.6%	23
Fundraising Results				
Outstanding Debt Balance	$82.4M	$87.5M for 2014	94%	22
Contributions Raised	$7.2M	$12.5M for 2014	57%	22

**All figures are representative of global performance unless otherwise specified*

***Figures represent performance at end of quarter*

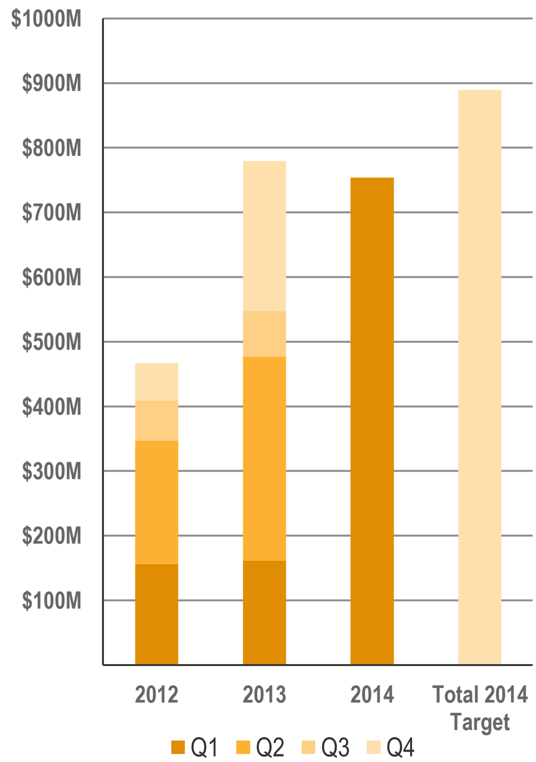
SOCIAL AND ENVIRONMENTAL METRICS

Producers Supplying Enterprise (through Q1)



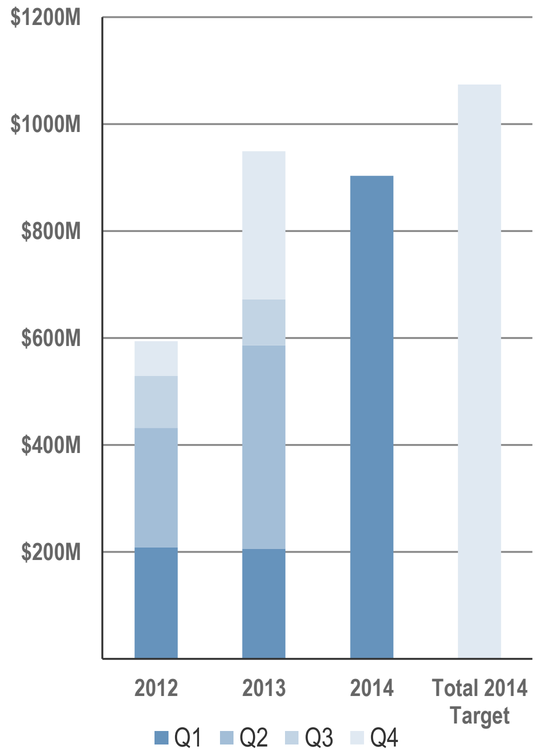
- Through Q1 2014, we reached 369K producers supplying to the enterprise.
- We approached our annual 2014 target in Q1 2014 in part because 72% of our client enterprises reached in Q1 had an outstanding balance from loans closed in late 2013, reflecting the fact that a large proportion of our 2013 clients closed late in that year.
- Through Q1 2014, we reached 21K producers buying inputs such as agro-inputs or post-harvest handling services from the enterprise.
- Of all the producers supplying to the enterprise this quarter, 105K, or 28%, were women.

Purchases from Producers (through Q1)



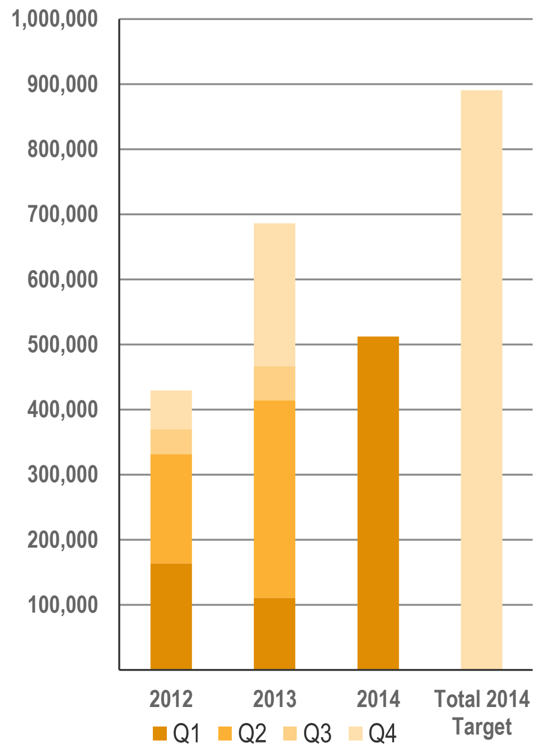
- "Purchases from producers" is the total amount that our client enterprises paid to their small-scale suppliers.
- Through Q1 2014, our clients purchased an estimated $754M of agricultural product from their producers.
- The average payment per producer in Q1 2014 was $2K.
- Strong lending performance in Q4 2013 and an increase in long-term loans closed resulted in a significant increase of clients reached in Q1 2014.

Total Revenue of Rural SGBs (through Q1)



- Through Q1 2014, our clients generated an estimated $903M in total revenue. The average revenue per enterprise was $4.7M.
- We approached the annual target in Q1 2014 in part because 72% of our client enterprises reached in Q1 had an outstanding balance from loans closed in late 2013, reflecting the fact that a large proportion of our 2013 clients closed late in that year.

Sustainable Hectares Under Management (through Q1)



- In Q1 2014, client enterprises represented an estimated 512K hectares of sustainably managed agroforestry and agricultural lands, with an average of 1.54 hectares per producer.

Note: Please note the following changes in our impact reporting terminology & 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.

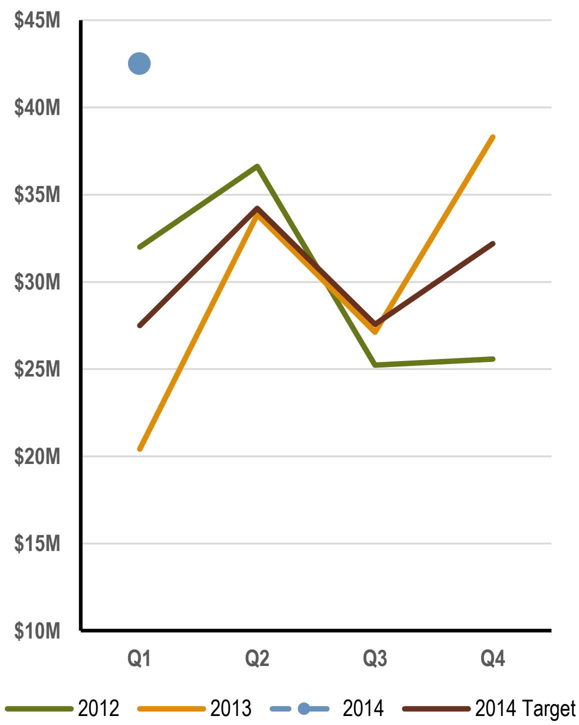
In Q4 2013, we began to report social metrics for "clients reached" to more accurately capture the number of businesses reached by our capital. Clients reached are clients that had an outstanding balance at any point in the quarter and that were not at-risk. This includes clients that did not receive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

In Q1 2014, a disproportionately large Central American client with reported revenue over $300M and 35K producers entered the STF portfolio. We did not report on this client's social metrics because we financed a relatively small portion of its financing needs.

SUSTAINABLE TRADE FUND

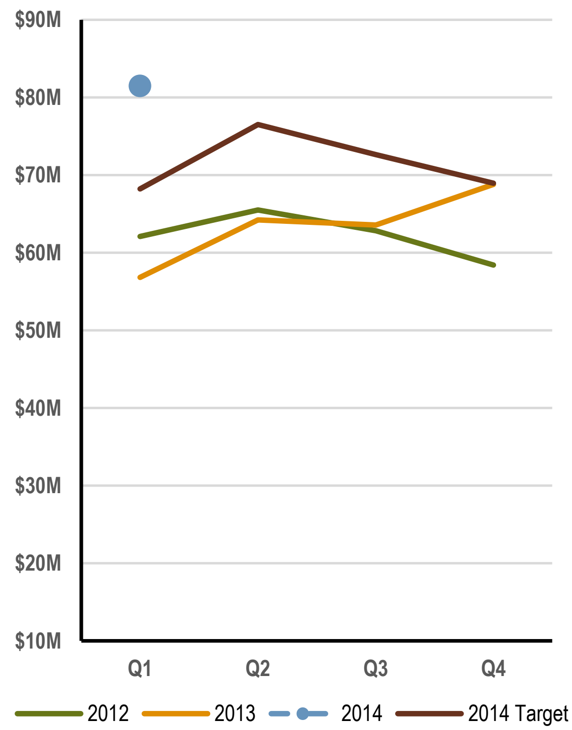
Lending Performance

Loan Disbursements by Year



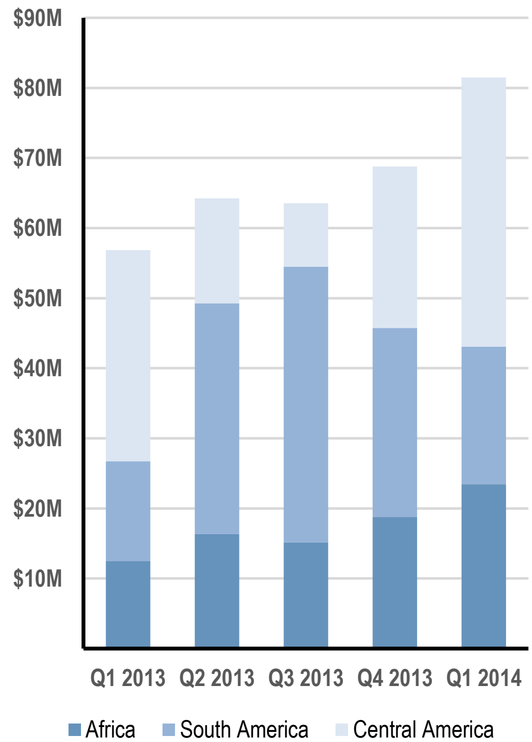
- We disbursed $42.5M in Q1, 55% above the target of $27.5M for the quarter and a 108% increase over the same period last year.
- Disbursements in Central America were $23.3M in Q1, 57% above target and 68% above Q1 2013. Disbursements to coffee clients in Central America were also 57% higher than projected, mainly due to stronger-than-expected need for financing in the Nicaraguan coffee market and new client growth in the Honduran coffee market.
- West African disbursements were $6.2M in Q1, 25% above target and well above the $313K disbursed last year in Q1. Expansion in cocoa and cashews was the main driver of disbursement growth in the region.
- South America and East Africa also surpassed both of their Q1 disbursement targets. $4.8M was disbursed in South America in Q1, 95% above target and 35% more than last year. $8.2M was disbursed in East Africa in Q1, 55% over projections and a 203% increase from last year.

Outstanding Portfolio Balance by Year



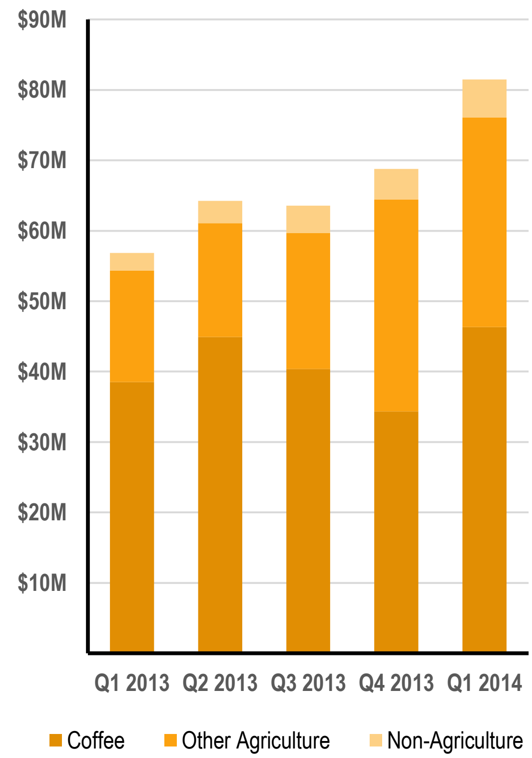
- At the end of Q1, the outstanding balance was $81.5M, 19% above the projection of $68.2M and 43% above the same time last year.

Outstanding Balance by Region (Trailing 5-Quarter)



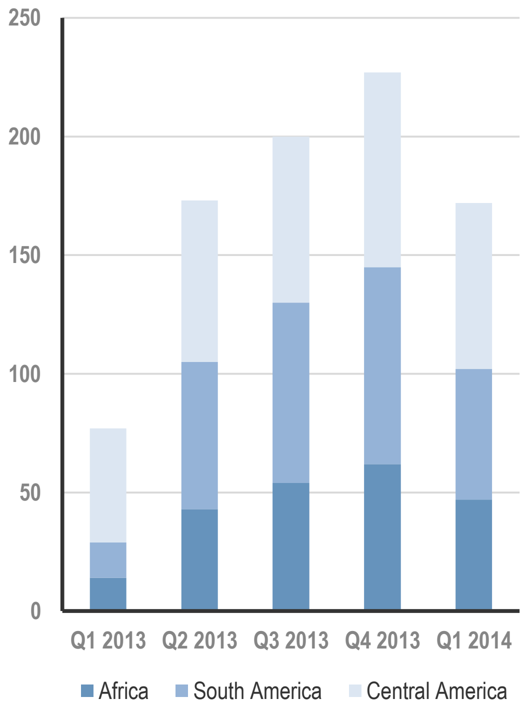
- The Central America portfolio grew from $23.1M at the end of Q4 2013 to $38.4M at the end of Q1, which was 41% higher than projected and 28% above the same time last year. The Central American coffee harvest in Q1 was the impetus for the growth in outstanding balance.
- The South America portfolio balance decreased by 27% from the end of Q4 2013, from $27M to $19.7M. This decrease is in line with the cyclical pattern in South America driven by the coffee harvest season. The quarter end balance was 2% above projections and 38% above the same period last year.
- West Africa's outstanding balance at the end of Q1 was $11.1M, up from $9.1M at the end of Q4 2013. The quarter end balance was 6% higher than projected and well above the $2.6M quarter end portfolio balance in Q1 2013.
- The East Africa portfolio was $12.3M at the end of Q1, in line with the projection of $12.4M and up 24% from the same time last year.

Outstanding Balance by Industry (Trailing 5-Quarter)



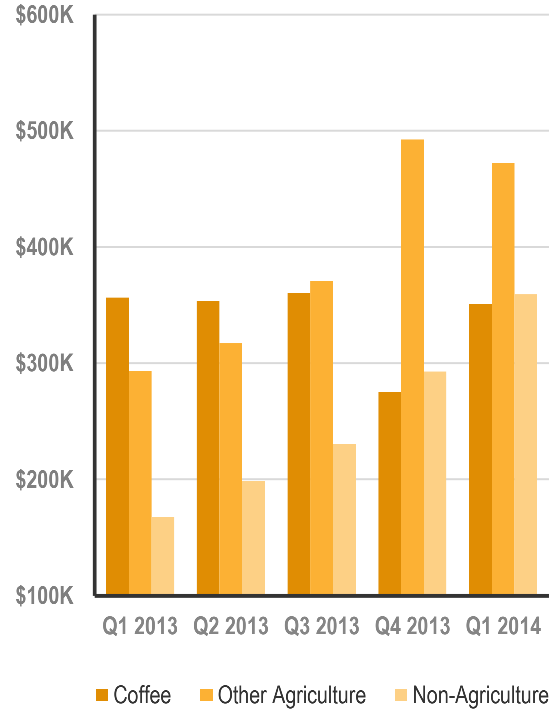
- Root Capital's coffee portfolio consists of loans made to specialty coffee value chains, such as organic and/or fair trade coffee, which provide higher social and/or environmental impact than most conventional coffee.
- Coffee loans accounted for 57%, or $46.3M, of the $81.5M portfolio. The percentage of coffee loans in the Sustainable Trade Fund decreased from 68% at the end of Q1 2013 as we continue to diversify into other industries.
- Other Agriculture loans totaled $29.7M, or 37% of the Sustainable Trade Fund at the end of Q1, up from 28% in the same period last year. The three largest industries were cocoa ($10.4M), cashews ($4.1M) and cotton ($2.6M.)
- The Non-Agriculture sector consists of loans to industries such as handcrafts and aquaculture. This portfolio remains a very small portion of the total portfolio, with $5.4M outstanding, or 7% 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 they are first reached.
- Root Capital reached 172 clients in Q1, an increase of over 100% from the 77 clients reached during the same period last year.
- In Central America, 70 clients were reached in Q1, a 46% increase from the 48 clients reached in Q1 2013. 55 clients were reached in South America, an increase of over 200% from the 15 clients reach last year during the same period.
- Root Capital reached 16 clients in West Africa in Q1, well above the 2 clients reached in Q1 2013.
- In East Africa, 31 clients were reached in Q1, an increase of over 100% from the 12 clients reached in Q1 2013.

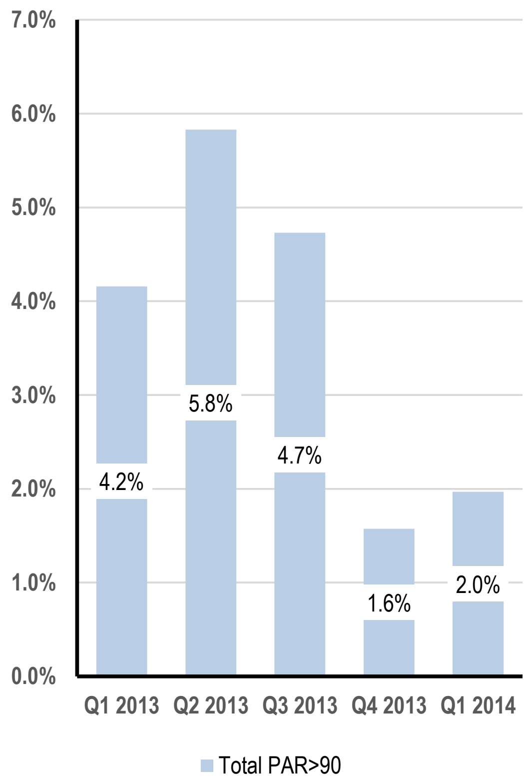
Average Outstanding Balance per Active Loan



- The average Coffee loan outstanding increased by 28% from last quarter to $351K. This is a cyclical increase driven by the disbursal of larger Central American coffee loans made in Q1 during the coffee harvest season.
- The average Other Agriculture loan outstanding decreased by 4% from last quarter to $472K per loan.
- The average loan size in Non-Agriculture loan outstanding was $359K at the end of Q1, a 23% increase from the end of Q4 2013.

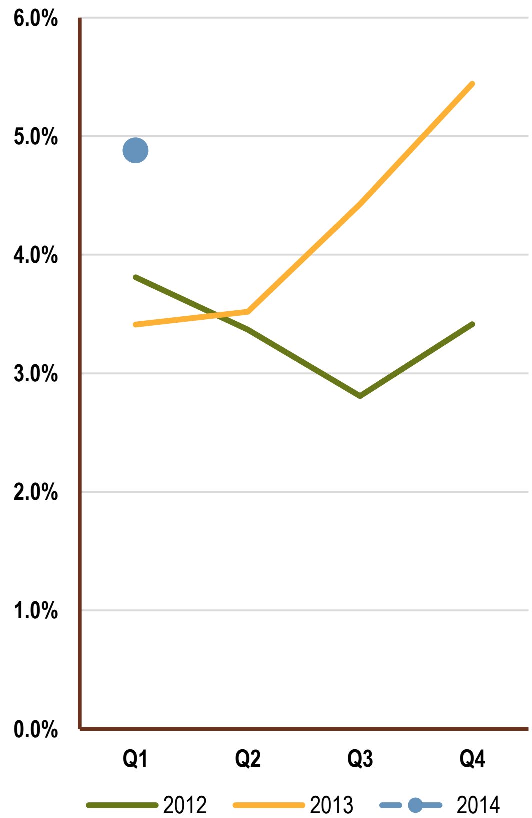
Lending Risk

Portfolio at Risk > 90 Days



- The Portfolio at Risk (PAR) over 90 days was 2.0% at the end of Q1, up from 1.6% at the end of Q4 2013. The total outstanding balance at risk increased from $1.1M to $1.6M.
- PAR in South America increased from 0.3%, or $88K, at the end of Q4 2013 to 2.5%, or $486K, at the end of Q1. The increase in PAR was driven mostly by the downgrade of a $364K coffee loan in Peru.
- PAR in Central America was 1.5%, or $593K, at the end of Q1, up from 1.0%, or 234K, at the end of Q4 2013. The increase in PAR was due primarily to the downgrade of two loans to a coffee client and a loan to a cocoa client in Costa Rica.
- PAR in West Africa decreased from 4.1%, or 378K, at the end of Q4 2013 to 1.3%, or $147K, at the end of Q1. The decrease in PAR was due in large part to the write off of a sesame loan in Q1.
- PAR in East Africa was 3.1%, or $376K, at the end of Q1, down slightly from 4.1%, or $383K, at the end of Q4 2013.

Loan Loss Ratio (Trailing 12 month average)



- The Loan Loss Ratio decreased from 5.4% at the end of Q4 2013 to 4.9% at the end of Q1.
- The Loan Loss Ratio in Central America at the end of Q1 was 7.6%, down from 8.9% at the end of Q4 2013. No loans were written off in Q1
- The Loan Loss Ratio in South America was 2.6% at the end of Q1, down slightly from 2.7% at the end of Q4 2013. No loans were written off in Q1.
- The Loan Loss Ratio for West Africa was 13.1% at the end of Q1. One $230K sesame loan was written off in Q1.
- The Loan Loss Ratio in East Africa was 0.8% at the end of Q1. No loans were written off in Q1.

Sustainable Trade Fund Financial Results & Analysis

	Sustainable Trade Fund			
	2014 YTD			
All numbers in thousands	Actual	Budget	Variance ($)	Variance (%)
Loan Interest and Fees	2,398	1,846	552	30%
Gain (loss) on Fx Lending	(110)	0	(110)	N/A
Total Earned Revenue	**2,289**	**1,846**	**442**	**24%**
Portfolio Yield	**11.6%**	**10.3%**	**1.4%**	**13%**
Net Allowance for Loan Loss Expense	597	291	306	105%
Provisioning Expense Ratio	3.0%	1.6%	1.4%	88%
Net Interest Expense	342	370	(28)	-8%
Net Funding Expense Ratio	1.7%	2.1%	-0.3%	-15%
STF Operating Expense	1,342	1,567	(225)	-14%
Operating Expense Ratio	6.8%	8.7%	-1.9%	-22%
Total Expenses	**2,280**	**2,228**	**53**	**2%**
Total Expense Ratio	**11.6%**	**12.4%**	**-0.8%**	**-6%**
STF Surplus / (Deficit)	**8**	**(381)**	**389**	**102%**
Operational Self Suffiency (OSS)	**100%**			

EARNED REVENUE

The STF average portfolio balance of $78.6M for the first quarter of 2014 was 36% higher than Q1 2013, and 9% above the performance target of $72.0M, due to strong lending performance. Portfolio Yield of 11.0% was 70 basis points higher than the expected rate, driven by fee revenue of $353K, stemming from $42.5M in year-to-date disbursements (55% ahead of target).

ALLOWANCE FOR LOAN LOSS EXPENSE

During Q1 we incurred a total of $596K in net provisioning expense in the STF for a Provisioning Expense Ratio of 3.0%. This year-to-date expense is $306K higher than the year-to-date target, but only 20% of the full-year target. One driver of Q1 allowance for loan loss expense is the downgrade of three loans to two coffee clients in Costa Rica that experienced rapid deterioration in performance due to a lower-than-expected collected volume of coffee necessary to fulfill their contract obligations. Another driver was the downgrade of a loan to a longtime coffee client in Peru that is experiencing management issues. These downgrades were partially offset by the $118K in revenue recovered from loans that were previously written off.

INTEREST EXPENSE & INTEREST EARNED ON CASH AND INVESTMENTS

Net interest expense of $342K was $28K less than the projected year-to-date expense, due to interest expense savings stemming from a lower debt balance than projected and higher returns on short-term investments.

LENDING PROGRAM OPERATING EXPENSE

Through Q1, STF operating expenses were $225K (14%) below budget, driven by savings in both lending and support departments, which are further addressed on page 20.

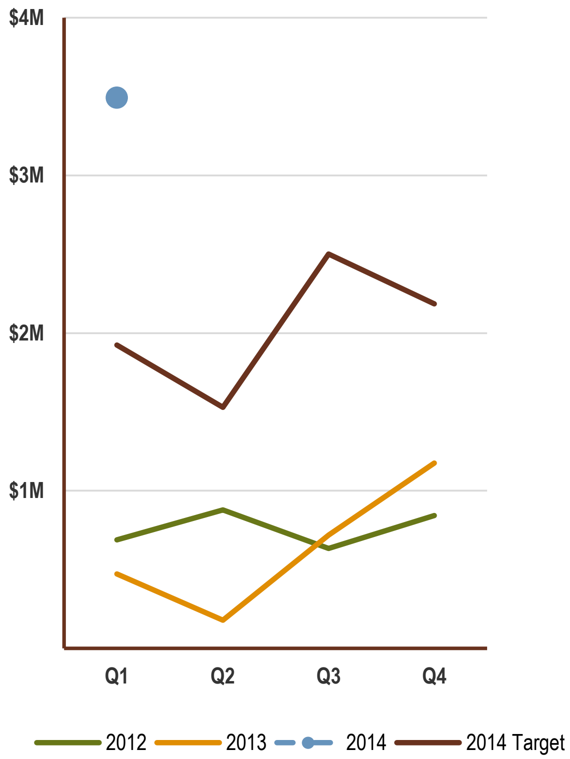
OPERATIONAL SELF SUFFICIENCY

Operational Self Sufficiency (OSS) for Q1 was 100%, higher than our full-year 2014 target of 74%, due to strong revenue and cost savings in net interest expense and operating expense. While these Q1 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

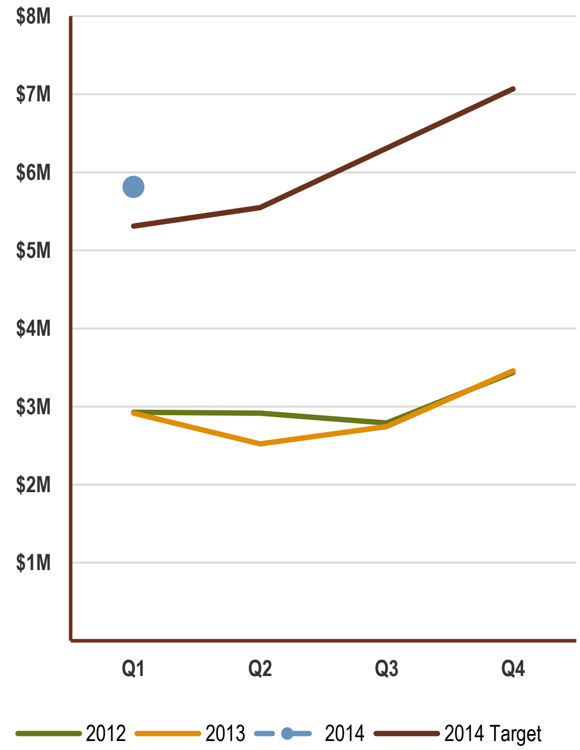
Lending Performance

Loan Disbursements by Year



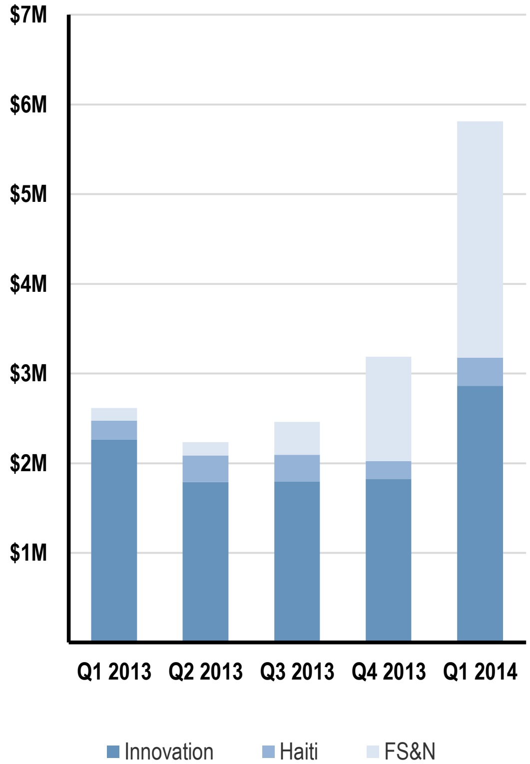
- We disbursed $3.5M in the Frontier Portfolios in Q1, 81% above the target of $1.9M. The Frontier Portfolios consist of loans made in the Innovation, Food Security & Nutrition and Haiti Portfolios.
- We disbursed $2M in the Food Security & Nutrition Portfolio in Q1, 33% above the target of $1.5M. Disbursements were made in Ghana, Kenya, Tanzania and Uganda to cassava, soy, maize, millet and sorghum producers.
- $1.3M was disbursed in the Innovation Portfolio in Q1, well above the target of $123K. Disbursements were made in Ghana, Kenya, Rwanda, Tanzania, Uganda and Nicaragua to sorghum, seeds, maize and chia seed producers.
- We disbursed 200K in the Haiti Portfolio in Q1 to a vetiver oil producer.

Outstanding Portfolio Balance by Year



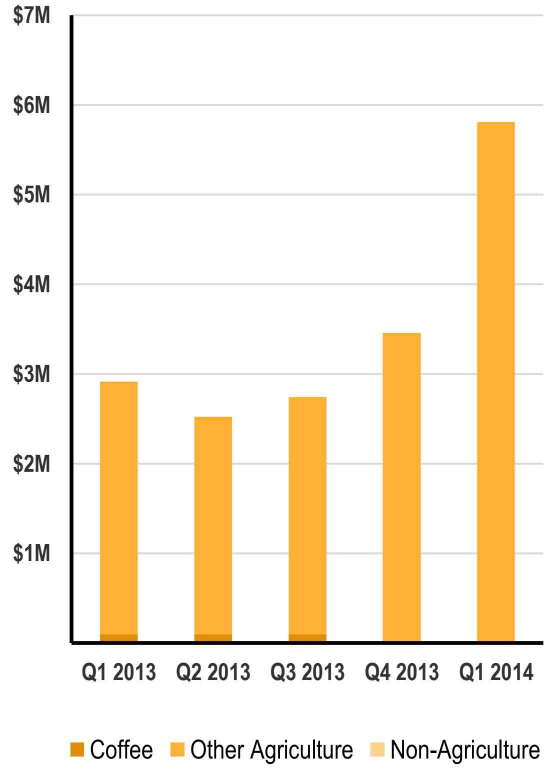
- The outstanding balance was $5.8M at the end of Q1, 9% above the projected outstanding balance of $5.3M and 99% above last year's balance of $2.9M.
- The higher-than-expected outstanding balance was due primarily to above-projection disbursements in the Innovation Portfolio and, to a lesser extent, above-projection disbursements in the Food Security & Nutrition Portfolio.

Outstanding Balance by Portfolio



- The outstanding balance in the Innovation Portfolio increased 57% from Q4 2013 to $2.9M outstanding at the end of Q1. There are currently 17 active clients in the Innovation Portfolio in six countries across Africa and Latin America.
- The Food Security & Nutrition Portfolio had $2.6M outstanding at the end of Q1, a 127% increase from the end of Q4 2013. There are currently ten active clients in five countries in East and West Africa.
- The Haiti Portfolio had two active loans at the end of Q1, totaling 317K outstanding to cocoa and vetiver oil producers.

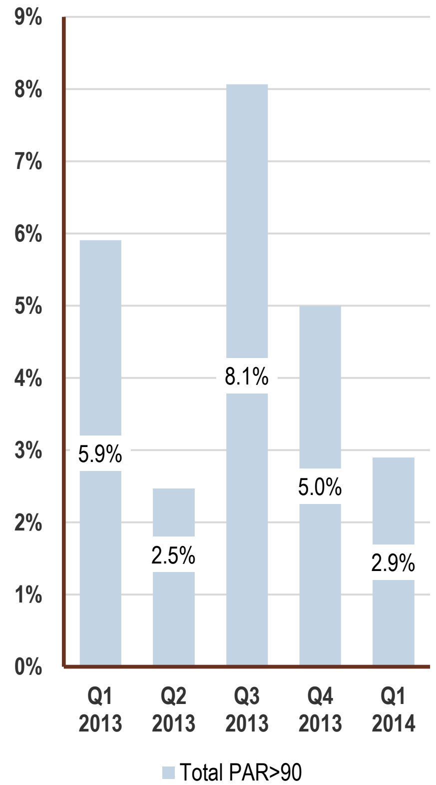
Outstanding Balance by Industry



- The three largest industries in the Food Security & Nutrition Portfolio were maize (48%), sorghum (29%) and seeds for farm inputs (7%).
- The three largest industries in the Innovation Portfolio were sorghum (24%), seeds for farm inputs (19%) and chia seeds (17%).
- In addition to the industries listed above, there were active loans in the Food Security & Nutrition Portfolio to soy, millet, cassava and processed food producers and active loans in the Innovation Portfolio to maize, rice, honey, egg, soy, banana and dried bean producers.

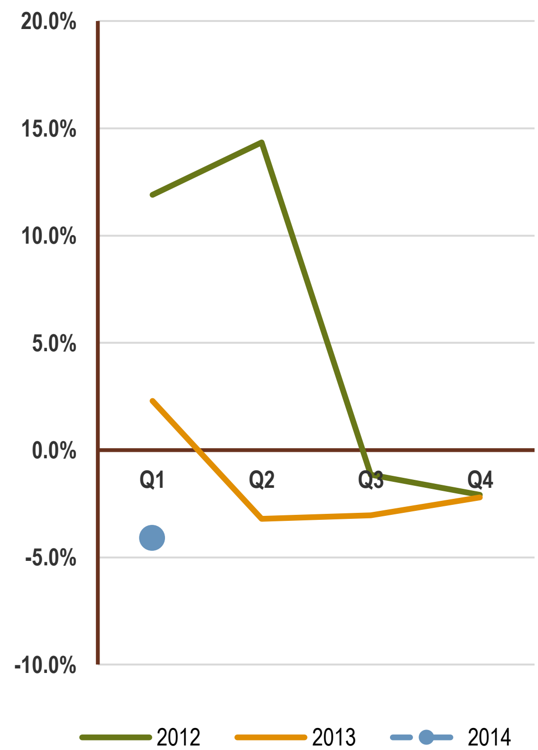
Lending Risk

Portfolio at Risk > 90 Days



- The Portfolio at Risk over 90 days (PAR) was 2.9% at the end of Q1. The outstanding balance of the loans at risk was $167K at the end of the quarter.
- The Innovation Portfolio had one loan at risk with a balance of $50K. The PAR for the Innovation Portfolio was 1.7%.
- The Haiti Portfolio had one loan at risk with a balance of $117K. The PAR at quarter end was 36.8%.
- There are no loans currently at risk in the Food Security & Nutrition Portfolio.

Loan Loss Ratio (Trailing 12-month average)



- At the end of Q1, the Loan Loss Ratio for the Frontier Portfolios was a negative (4.1%).
- The Loan Loss Ratio in the Innovation Portfolio was 1.2% at the end of Q1. One $55K loan to a shea producer in Burkina Faso was written off during Q1.
- The Haiti Portfolio had a Loan Loss Ratio of 0.0%. No loans have been written off in Haiti since Q1 2013.
- The Loan Loss Ratio for the Food Security & Nutrition Portfolio was 0.0% at the end of Q1. This portfolio has never had a loss.
- $165K 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	221	134	86	64%
Gain (loss) on Fx Lending	(179)	0	(179)	N/A
Total Earned Revenue	**42**	**134**	**(93)**	**-69%**
Portfolio Yield	**3.4%**	**10.5%**	**-7.2%**	**-68%**
Net Allowance for Loan Loss Expense	21	60	(39)	-66%
Provisioning Expense Ratio	1.7%	4.7%	-3.0%	-64%
Net Interest Expense	10	13	(3)	-24%
Net Funding Expense Ratio	0.8%	1.0%	-0.2%	-21%
Frontier Portfolios Operating Expense	391	454	(63)	-14%
Operating Expense Ratio	31.6%	35.6%	-3.9%	-11.0%
Total Expenses	**421**	**527**	**(106)**	**-20%**
Total Expense Ratio	**8.5%**	**10.3%**	**-1.8%**	**-17%**
Frontier Surplus / (Deficit)	**(379)**	**(392)**	**13**	**3%**

EARNED REVENUE

During Q1 2014, total interest and fee revenue in the Frontier Portfolios was $220K, 64% percent above target. This was driven both by a higher average interest rate than projected, as well as a positive variance in fee revenue stemming from strong Q1 disbursements ($3.5M compared to a target of $1.9M). However, total interest and fee revenue was largely offset by $179K in losses on foreign currency lending. Of these losses, 63% are due to loans made in Ghanaian Cedis, which has depreciated almost 12% against the dollar in Q1 of 2014. These losses are partially offset by higher rates charged for local currency loans.

ALLOWANCE FOR LOAN LOSS EXPENSE

During Q1 of 2014, the main driver of allowance for loan loss expense was the downgrade of one loan in the Haiti Portfolio. This expense was partially offset by $39K 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 the end of Q1, we incurred net interest expense of $10K in the Frontier Portfolios, approximately $3K less than projected due to higher interested earned on cash.

LENDING PROGRAM OPERATING EXPENSE

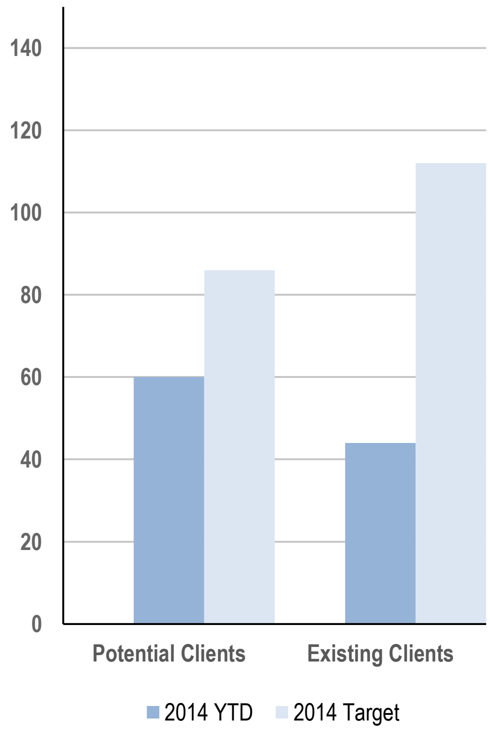
Through Q1, Frontier Portfolio operating expenses of $391K were $63K (14%) below budget, driven by savings in both lending and support departments, which are further addressed on page 20.

FRONTIER PORTFOLIOS OPERATING DEFICIT

Despite generating materially less earned revenue than targeted, significant positive variances in net allowance for loan loss expense and operating expenses resulted in a Q1 operating deficit in line with budget.

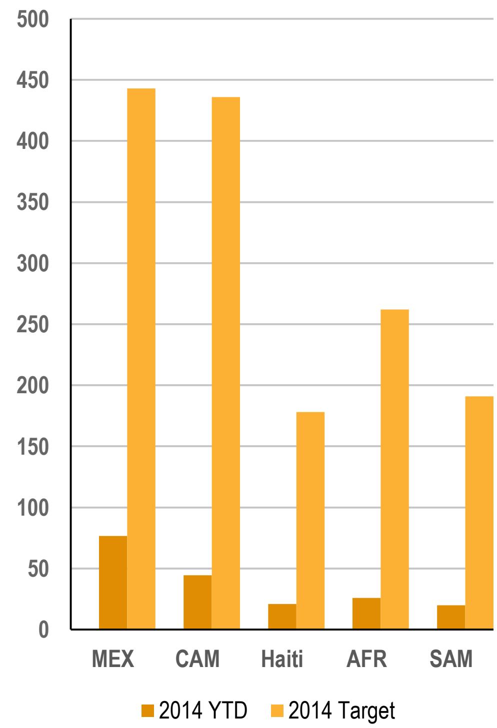
FINANCIAL ADVISORY SERVICES

Groups Served by Financial Advisory Services (through Q1)



- Advisory services started the year positively, reaching 104 rural SGBs across Africa and Latin America. This reflects 3% growth over prior year and just over half (53%) of the full-year target for 2014.
- The training component of the Coffee Farmer Resiliency Initiative (CFRI) got underway with the hiring of two trainers and ongoing preparations to begin activities in Central America, Mexico and Peru in the coming months.
- We successfully completed a two-year collaboration with the W.K. Kellogg Foundation in Mexico. We will share results and lessons learned from the project in Q2.

Days of Training Delivered by Financial Advisory Services (through Q1)



- We delivered 188 days of training during the first quarter of the year and expect that pace to accelerate as coffee clients in Mexico and Central America (MAC) emerge from the harvest season and Coffee Farmer Resilience Initiative (CFRI) activities begin.
- We successfully completed two workshops in Senegal and Côte d'Ivoire, which were collectively attended by 25 potential and current Lending clients. FAS now operates in all regions currently serviced by the Lending team.

CATALYZE PROGRAM PERFORMANCE

During Q1 2014, Root Capital participated in several high-profile events worldwide and helped prepare the launch of the Council on Smallholder Agricultural Finance (CSAF), an industry alliance to promote the development of the smallholder agricultural financial market.

SOCIAL AND ENVIRONMENTAL DUE DILGIENCE TRAINING

- ➔ Working with Rainforest Alliance, we conducted our fourth sustainable agriculture training, in this case for loan officers in West Africa. The training focused on providing loan officers with a deeper understanding of the environmental impacts of different agricultural production systems in order to strengthen their capacity to perform effective environmental due diligence, particularly in newer industries for Root Capital. The training consisted of three days: one in the classroom, focused on fundamental concepts of sustainable agriculture and environmental health, followed by two days visiting coffee and pineapple farms in Ghana in order to apply learning in a practical setting.

THOUGHT LEADERSHIP AND FIELD BUILDING

- ➔ CEO Willy Foote announced the launch of the Council on Smallholder Agricultural Finance (CSAF) during a panel discussion called “The 450 Million Farmer Opportunity: Large-Scale Change Through Smallholder Finance” at this year’s Skoll World Forum. Root Capital and the six other impact-first agricultural lenders comprising the council will promote the development of the smallholder agricultural financial market, convening on a pre-competitive basis to exchange views and experiences related to industry standards, responsible lending practices and social and environmental impact.
- ➔ In January, Root Capital released the inaugural issue brief in our new Issue Brief Series supported by The Skoll Foundation and the Citi Foundation. Underscoring the alignment between social, environmental and financial interests, the issue brief, “Social & Environmental Due Diligence: From the Impact Case to the Business Case,” has been downloaded almost 1,000 times and has inspired conversation between practitioners on platforms such as the CRS Coffeelands Blog, NextBillion, Business Fights Poverty, the Global Impact Investing Network and the Rockefeller Foundation’s RockBlog.
- ➔ On March 4th, CEO & Founder Willy Foote spoke as part of International Women's Day at the United Nations, co-hosted by the U.S. Chamber of Commerce. The panel, titled "Greater Inclusion of Women in Agriculture," also featured Ashley Arbuckle of L'Occitane and Simon Winter of TechoServe and a Root Capital Board Director.
- ➔ Catherine Gill, Senior Vice President for Investor Relations and Operations participated in a panel on Unlocking the Entrepreneurial Ambition of Women at the Skoll World Forum in Oxford, England. The panel was moderated by Melanne Verveer, who served as the first United States Ambassador-at-Large for Global Women's Issues and is currently Executive Director of the Institute for Women, Peace and Security at Georgetown University. Panelists also included: Hirut Girma, a Land Tenure and Gender Specialist at Landesa; Rosemary Amondi, the Founder and CEO of TraceSoft Limited, a supply chain information management and analytics firm based in Nairobi; and Comfort Adjahoe Jennings, Founder and CEO of Ele Agba, a cosmetics company based in Ghana.
- ➔ In April, Patricia Devaney, Director of Impact, Women in Agriculture, Diaka Sall, Director of Lending for West Africa, and Sarah Kaplan, Associate Professor for Strategic Management, at the Rotman School of Management, University of Toronto presented on our Women in Agriculture Initiative during a webinar for Root Capital stakeholders.
- ➔ In February, Senior Manager of Institutional Relations Debra Shapira participated in a panel at the Confluence Philanthropy Annual Practitioners Meeting. The panel, titled "First Loss Capital – Is It the Dumbest or the Smartest Money in the Room?" was moderated by Abhilash Mudaliar, The Global Impact Investing Network Research Manager, and featured Root Capital along with Impact Assets (Sally Boulter, Senior Officer for Strategic Development) and Trillium Asset Management (Margae Diamond, Relationship Manager). Leveraging research by the GIIN, the session explored the importance of FLC and the potential for increased involvement of foundations.

- William Portilla, Root Capital's Credit Director for Mexico and Central America, presented on a panel on collaboration and innovation at the Foro Latinoamericano de Inversiones de Impacto (FLII) in Mérida México in February. During the panel discussion with co-panelists Fabian Llinares of Oxfam, Francisco Bolio of FAST, Cédric Lombard of Impact Finance and moderator María Luque of Ashoka, William discussed Root Capital's social and environmental scorecards and shared stories of innovation from Root Lab.
- Brian Milder, Senior Vice President of Strategy, Advisory & Innovation, attended the World Economic Forum in Davos, Switzerland and participated in discussions with business, government and NGO leaders on the development of the African agricultural sector, interventions to address childhood malnutrition, investing in Haiti and impact investing.
- Root Capital hosted the ANDE Legal Working Group in our Cambridge office on Friday, March 28th. The meeting featured a presentation by counsel from Paul Hastings and students from the University of Michigan International Transactions Clinic on compliance with the Foreign Corrupt Practices Act. Root Capital's Corporate Counsel, Matt Sparkes, and Deputy General Counsel of Accion International, Kevin Saunders, co-moderated a discussion after the presentation.
- Impact Officer Asya Troychansky and Director of Corporate Relations Benjamin Schmerler presented alongside Keurig Green Mountain at the Harvard Kennedy School on sustainable development and impact measurement.
- Director of Corporate Relations Benjamin Schmerler presented Root Capital's Coffee Farmer Resilience Initiative and accompanying Resilience Fund at the SCAA Sustainability Council annual meeting in San Francisco, California and at CafeSol, a convening of coffee cooperative and industry leaders, in Honduras.
- Investor Relations Officer Vincent Lagace participated in the Co-Creation Forum on Inclusive Agriculture in Mexico City in March. The forum was organized by Ashoka Mexico and united large Mexican buyers such as Nestle Mexico, FEMSA and Wal-Mart Mexico, social entrepreneurs, NGOs and multilateral institutions. The objective of the event was to discuss strategies to include smallholder farmers in established domestic value chains, share best practices and develop common goals and work plans.

OVERALL OPERATING RESULTS

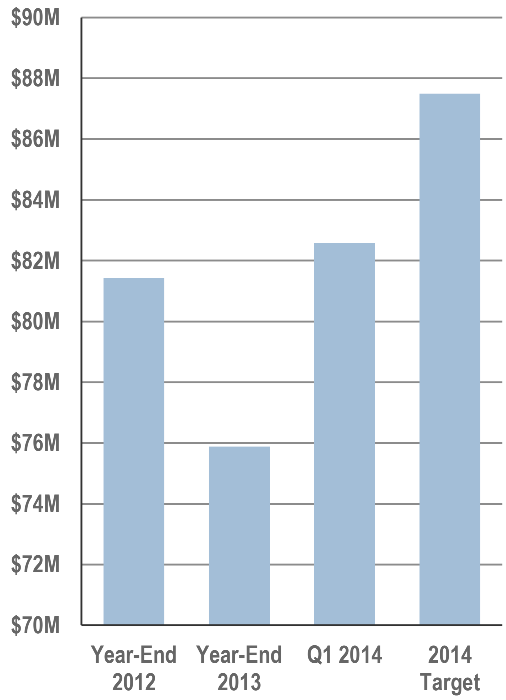
Operating Expense by Program

Program All numbers in thousands	2014 Operating Expenses			2014 Operating Expenses	
	Q1 2014 Actual	Q1 2014 Target	Variance (%)	FY 2013 Actuals	Y/Y Growth
Finance Opex (Sustainable Trade Fund)	1,342	1,567	-14%	1,088	23%
Finance Opex (Frontier Portfolios)	391	454	-14%	359	9%
Advise Opex	967	1,187	-19%	902	7%
Catalyze Opex	771	969	-20%	581	33%
Total Opex	**3,471**	**4,177**	**-17%**	**2,930**	**18%**

- During Q1 2014, total operational expenses were $3.5M, which is an increase of $541K (18%) from total operating expenses during Q1 2013. This year-over-year growth is largely driven by increased spending in the Sustainable Trade Fund and Catalyze programs. Total spending in Q1 was 17% less than budget, primarily due to lower-than-planned spending on travel, consultants and FAS workshops.
- Combined Finance Program operating expenses grew at approximately 20% over Q1 2013, due to increased spending by both lending and support departments. 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. Finance program expenses during Q1 were under budget by 14%, largely due to less travel spending than planned in both lending and support departments.
- Total operating expenses for Advise in Q1 2014 grew 9% over Q1 2013, as the growth in the Advise program begins to plateau. These Q1 Advise expenditures are 19% less than budget, due to lower spending on consultants and engagements (FAS trainings and workshops) than budgeted.
- Total operating expenses for Catalyze during Q1 2014 grew by $190K (33%) from Q1 2013. The main driver of this increase was in Catalyze spending 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 roya.

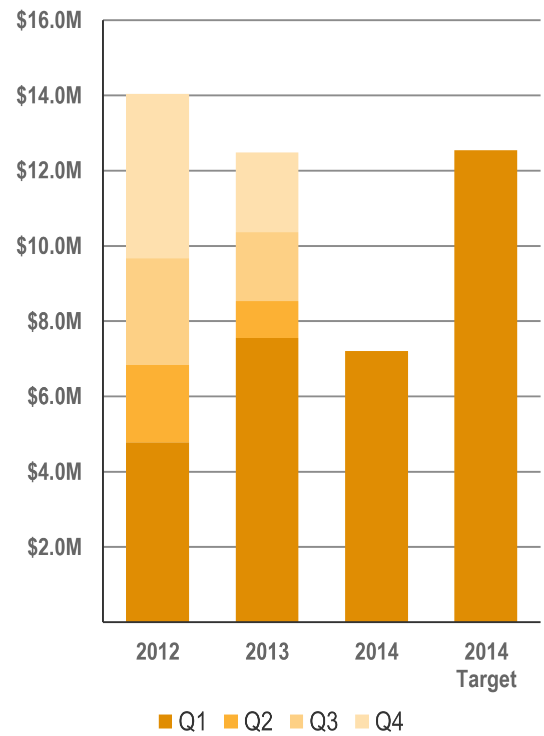
Fundraising Results

Outstanding Debt Balance



- We raised just over $10M in the first quarter of 2014, to meet higher-than-expected lending activity. As a result, we ended the quarter with a debt balance of $82.4M.
- We have worked with investors over the past 6 months to manage our debt inflows with our lending needs. In Q4 2013, we did not grow the notes payable balance intentionally because of lower demand from our clients.
- Root Capital manages to approximately 90% capital utilization to manage liquidity and volatility in our lending portfolios. In Q1, we achieved a 92% capital utilization rate.

Total Contributions Raised (through Q1)



- During Q1, we raised $1.5M in new philanthropy for 2014 and beyond.
- By the end of Q1, we had raised $7.2M toward our 2014 funding need of $12.5M.
- In addition, to date we have raised $7M for funding needs 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 at a similar level to what they were one year ago, but with a much higher percentage of repurposed cash and investments deployed to the lending portfolio.

- ➔ Cash and investments are down 53% from a year ago, while liabilities are slightly higher. Loans receivable are markedly higher, up 46% from Q1 2013, and 21% from the beginning of this year.
- ➔ Since the end of 2013, we have raised $10.7M in new investments. Of maturing notes, we have renewed $4.6M of $8.0M, for a net change in balance of $7.3M. During the same period, our total lending portfolio has increased by $15.2M, and as a result, our capital utilization increased to a healthy 92%, 200 basis points above our long-term capital utilization target of 90% and materially higher than the 82% performance target for the end of Q1. This is also a big improvement over 2013, where we ended the year with capital utilization of 83%, and from 63% at the end of March 2013. We have brought on credit lines and short-term debt to accommodate the increase in lending need.
- ➔ Net assets have increased by $3.1M year-to-date (excluding purpose and time restricted net assets). As a result, our consolidated debt-to-equity ratio at the end of the quarter is 3.18x, slightly down from the year-end 2013 level of 3.29x.

Balance Sheet Highlights (All numbers in thousands)	Q1 2014 Actual	Q1 2014 Budget	Variance ($)	Variance (%)	FY 2013 Actuals	Change since 12/31/2013 (%)
Cash and Short-Term Investments	21,913	31,353	(9,440)	-30%	20,704	6%
Total Loans Receivable	87,106	73,644	13,462	18%	71,876	21%
Less: Allowance for Loan Loss	(2,170)	1,614	(3,784)	-234%	(1,642)	32%
Loans Receivable (net)	84,935	72,030	12,905	18%	70,234	21%
Other Assets	14,919	20,647	(5,727)	-28%	25,624	-42%
Total Assets	**121,768**	**124,030**	**(2,262)**	**-2%**	**116,562**	**4%**
Total Notes Payable & Other Debt	82,588	77,713	4,875	6%	75,148	10%
Other Liabilities	2,530	2,883	(354)	-12%	3,382	-25%
Total Liabilities	**85,118**	**80,597**	**4,521**	**6%**	**78,530**	**8%**
Total Net Assets	**36,650**	**43,433**	**(6,784)**	**-16%**	**38,033**	**-4%**
Total Liabilities & Net Assets	**121,768**	**124,030**	**(2,262)**	**-2%**	**116,562**	**4%**

Key Financial Ratios	Q1 2014 Actual	Q1 2014 Target	Variance (%)	FY 2013 Actuals	Change since 12/31/2012 (%)
Debt-to-Equity Ratio	3.18	3.12	2%	3.29	-3%
Capital Utilization	92%	81%	14%	83%	10%
Current Ratio	3.80	N/A	N/A	4.41	-14%

APPENDIX: Q1 2014 FINANCIAL STATEMENTS

Balance Sheet Highlights as of March 31,2014

in thousands	March 2014			YTD March-14 vs March-13		March-14 vs Dec-13	
	Actual	**Target**	**$ Variance**	**March-13**	**% Y/Y**	**December-13**	**$ Change**
Total Loans Receivable	87,106	73,644	13,462	59,791	46%	71,876	15,230
Allowance for Loan Losses	2,170	1,614	557	1,957	11%	1,642	528
Total Net Loans Receivable	**84,935**	**72,030**	**12,905**	57,834	47%	70,234	14,702
Total Notes Payable & Other Debt	82,588	80,782	1,806	82,845	0%	74,948	7,640
Cash and Short Term Investments	21,913	33,463	(11,550)	46,926	-53%	28,418	(6,505)
Capital Under Management	102,276	101,081	1,195	98,426	4%	91,463	10,813
Total Assets	**121,768**	**109,171**	**12,597**	**123,405**	**-1%**	**115,586**	**6,182**

Statement of Financial Position as of March 31, 2014

in thousands	March 2014				YTD March-14 vs March-13		March-14 vs Dec-13	
	Operating	**Sustainable Trade Fund**	**Frontier Portfolios**	**Total Root Capital**	**March-13**	**% Y/Y**	**December-13**	**$ Change**
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	1,793	867	5,465	8,125	8,411	-3%	12,186	(4,061)
Cash loan loss reserve (10% of gross loans rec.)		8,130	581	8,711	5,979	46%	7,188	1,523
Escrow funds		1,202		1,202	459	162%	1,331	(130)
Investments	4,729	350	-	5,078	32,535	-84%	9,045	(3,967)
Current loans receivable, net of allowance for loan losses of $2.1 m and $1.9		50,244	4,104	54,348	42,061	29%	47,896	6,452
Interest receivable, net of allowance for interest losses of $46k and $137k		1,566	150	1,716	1,242	38%	1,307	409
Collateral on hedge		-		-	21	-100%	-	-
Grants receivable and accounts receivable	6,980	1,775	417	9,171	10,783	-15%	11,182	(2,011)
Other current assets	335		-	335	367	-9%	320	15
Total current assets	13,837	64,133	10,716	88,685	101,859	-13%	90,455	(1,769)
EQUIPMENT AND IMPROVEMENTS, net	212		-	212	282	-25%	226	(14)
LOANS RECEIVABLE, net of current portion		29,050	1,538	30,587	15,773	94%	22,338	8,250
GRANTS RECEIVABLE, net of current portion	1,226	805	159	2,190	5,400	-59%	2,476	(285)
OTHER NON-CURRENT ASSETS	93		-	93	92	1%	92	1
Total assets	**15,367**	**93,987**	**12,413**	**121,768**	**123,405**	**-1%**	**115,586**	**6,182**
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Notes payable, short term		19,028	-	19,028	25,380	-25%	15,426	3,601
Notes payable, subordinated		1,650	-	1,650	2,500	-34%	1,650	-
Recoverable grant		-	200	200	1,000	-80%	-	-
Line of Credit		-	-	-			-	-
Loan participation liability			-	-	29	-100%	21	(21)
Escrow funds		1,202	-	1,202	459	162%	1,331	(130)
Accounts payable & accrued expenses	205		-	205	222	-8%	1,220	(1,015)
Accrued vacation & salary payable	490		-	490	379	29%	368	122
Accrued interest payable		535	17	552	596	-7%	543	9
Total current liabilities	694	22,414	217	23,326	30,566	-24%	20,559	2,767
DEFERRED RENT LIABILITY	82		-	82	139	-41%	97	(15)
NOTES PAYABLE, Long Term		55,710	5,000	60,710	52,336	16%	56,851	3,859
SUBORDINATED DEBT		-	1,000	1,000	1,600	-38%	1,000	-
Total liabilities	776	78,125	6,217	85,118	84,640	1%	78,507	6,611
NET ASSETS:								
Unrestricted:								
Operating reserve	4,729		-	4,729	4,043	17%	4,729	-
Permanent lending capital - board designated		4,443	-	4,443	5,969	-26%	4,443	-
Loan loss reserve - board designated		2,663	581	3,244	1,512	114%	2,721	523
Undesignated unrestricted net assets		1,555	-	1,555	587	0%	-	1,555
Total unrestricted	4,729	8,661	581	13,970	12,111	15%	11,893	2,078
Temporarily restricted:				-				
Purpose and time	9,863	151	665	10,679	16,054	-33%	14,185	(3,506)
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	9,863	7,202	5,615	22,679	26,654	-15%	25,186	(2,506)
Total net assets	14,591	15,863	6,196	36,650	38,765	-5%	37,079	(429)
Total liabilities and net assets	**15,367**	**93,987**	**12,413**	**121,768**	**123,405**	**-1%**	**115,586**	**6,183**

**Frontier Portfolios consists of the Innovation, Food Security & Nutrition, Other 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 Other consists of a smaller number of loans for buyer financing to companies based in North America and Europe that source from agricultural businesses in Africa and Latin America that are prospective clients for our Sustainable Trade Fund. The Haiti Portfolio consists of loans made to enterprises in Haiti.*

Statement of Activities

March 31, 2014

in thousands	March: Sustainable Trade Fund	March: Frontier Portfolios	March: Total Root Capital	YTD Actuals vs. Full-Year Performance Targets: 2014 Targets	YTD Actuals vs. Full-Year Performance Targets: Actuals as % of Budget	Y/Y Growth (%): March 2013	Y/Y Growth (%): *14 YTD vs 13 YTD*
FINANCE							
Loan interest, net of allow for int losses	1,894	181	2,075	7,151	*29%*	1,464	*42%*
Fees	353	40	392	1,200	*33%*	193	*104%*
Co-lending services	20		20	-		-	
Gain (loss) on FX lending	22	(179)	(158)	-	*n/a*	(53)	*196%*
Total earned revenue	**2,289**	**42**	**2,330**	8,351	***28%***	**1,604**	***45%***
Portfolio Yield	*11.6%*	*3.4%*					
Allowance for loan loss	728	87	815	3,718	*22%*	229	*256%*
Less: Revenue on recovered loans and guarantees	(131)	(66)	(197)	(256)	*77%*	(154)	*28%*
Provisioning Expense Ratio	*3.0%*	*2%*				-	
Interest expense	388	13	401	2,022	*20%*	424	*-5%*
Less: Interest and investment income	(46)	(4)	(49)	(358)	*14%*	(73)	*-32%*
Net Funding Expense Ratio	*1.7%*	*0.8%*				-	
FINANCE operating expense	1,342	391	1,733	7,468	*23%*	1,447	*20%*
Operating Expense Ratio	*6.8%*	*31.6%*				*0.0%*	
FINANCE surplus / (deficit)	**8**	**(379)**	**(371)**	**(4,244)**	***9%***	**(270)**	***38%***
STF Operational Self Sufficiency	*100%*			*74%*		*85%*	
ADVISE and CATALYZE							
ADVISE operating expense			967	4,748	*20%*	902	*7%*
CATALYZE operating expense			771	3,552	*22%*	581	*33%*
ADVISE and CATALYZE			**1,738**	**8,299**	***21%***	**1,483**	***17%***
Contributions			**4,187**	13,090	*32%*	2,142	*95%*
Net Operating Surplus / (Deficit)			**2,078**	**547**	***380%***	**389**	***434%***

***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			1,578	**1,578**
T/R revenue released for opex			(4,085)	**(4,085)**
LLR released	1,000		(1,000)	**-**
Change in T/R Net Assets	1,000	-	(3,506)	**(2,506)**

Total Contribution Goal: Budget vs Actual	Actual	Board Approved Budget	Var. %
Unrestricted Operating Contributions	4,187	11,430	37%
PLC and LLR Grants	1,000	3,467	29%
Total	5,187	14,897	35%

Use of Annual Operating Surplus	Actuals	Board Approved Budget	Var. $
Operating Reserve	-	777	(777)
Board Designated Loan Loss Reserve	523	(1,160)	1,683
Board Designated PLC	(0)	459	(459)
Operating Surplus	**523**	**76**	447

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.