Performance Report
Q2 2013

root capital

OVERVIEW

In Q2 of 2013 Root Capital, like many of our clients and value chain partners, continued to weather a near "perfect storm" in the global coffee market—a trifecta of very low prices, reduced buyer demand and ravaging coffee rust outbreak. This market may be slowing our growth, but the impact of our lending and financial training remains strong and targeted toward agricultural businesses that benefit poor and marginalized farmers. We were deeply honored in June when the British government recognized Root Capital with a special award for Achievement in Impact Investing at the Financial Times/IFC Sustainable Finance conference. The award is both a poignant reminder of our 14-year journey and a powerful motivator to continue building a best-in-class, high-impact lending operation to serve our clients and catalyze a thriving financial market for rural producers.

Portfolio Performance

Year-to-date the Sustainable Trade Fund (STF) outstanding balance was $64.2 million, virtually the same as this time last year. Loan disbursements were 34 percent lower than projected. Globally, we disbursed $54.9 million through Q2, down from $68.5 million at this time last year. Through Q2 we have reached 185 small and growing businesses that are improving livelihoods for 399,000 producers in Africa and Latin America.

Coffee loans comprise the majority of the STF and one of the key drivers in our lending slowdown continues to be the sluggish global coffee market. To help readers better understand what we are facing, we added a Coffee Market Analysis section to this report (pages 5-6). It shows the continual drop in coffee prices, falling to roughly $1.35 a pound at the end of the quarter (and more recently below $1.20 a pound). According to commodities expert BeGreen Trading, the global coffee price is now at or below the costs of production in many countries and below the Fair Trade minimum price floor. We are encouraged to see increased buyer activity over Q1, but contracts are being set at low, potentially unsustainable prices. As a result, many of our clients continue to hold out for a market rebound and higher price contracts, which means they are not drawing down on approved loans. At the end of Q2, 53 percent of coffee loans approved during the first half of 2013 had not yet been disbursed, in comparison to 42 percent at this time last year. Meanwhile, the coffee rust, or roya, crisis is just beginning to impact the industry, having now spread beyond Central America and Southern Mexico into Peru, where production is estimated to be down 25 percent this year and where the government has declared a national state of emergency.

The Central America portfolio balance dropped to $15.0 million outstanding by the end of the quarter, slightly below targets due to decreased demand from coffee buyers and coffee rust disease. The South America portfolio balance was $32.9 million at the end of the quarter, 24 percent below projections but slightly higher than the same period last year; the vast majority of this shortfall was due to the challenging coffee market.

West Africa's outstanding balance almost doubled from the end of Q1 to reach $5.0 million at the end of Q2, 16 percent higher than projected. This growth was driven by increased demand from clients in the cashew industry, which is emerging as our leading industry in the region. The East Africa portfolio was $11.4 million at the end of Q2, 39 percent below projections and down 14 percent from the same time last year. A large portion of the East African portfolio for the first quarter is Rwandan coffee, which experienced similar industry-wide issues previously discussed.

In addition, we are facing increased competition from other social lenders in our strongest and most developed markets. This is a benefit for small and growing agricultural businesses, the farmers they aggregate and the families they sustain. Root Capital's rich collaboration with its clients, investors and value chain partners is helping to catalyze this new market by crowding in competition. Currently there are at least five competitive global social lenders in South America, each with between $3 million to $18 million in loans outstanding to rural agriculture producers. This is a dramatic increase from only a few years before. For example, global social lender responsAbility, which currently has over $1.4 billion in assets under management, launched a new rural agriculture fund at the end of 2011 that competes directly with Root Capital. Since September 2012, the portfolio balance of that fund grew from $25.6 million to $43.9 million, much of which has gone to South America. While new entrants challenge our ability to grow, increased competition pushes us to improve our service to clients, innovate our product offering and speed the exploration of underserved industries and geographies.

In the Frontier Portfolio, disbursements were $652,000 at the end of Q2, 84 percent short of targets. These innovative deals continue to take longer than STF deals to close because penetration into new industries is slow, and our loan structures must be adapted to the needs of businesses in these new markets. Nevertheless, we remain excited by the loans' potential for impact. Examples of Innovation loans approved this quarter include a millet producer and processor selling nutritious foods to the local market in Senegal (Food Security & Nutrition Portfolio) and a maize producer in Uganda (Food Security & Nutrition Portfolio). Since we made our first loan in domestic value chains in late 2010, we have issued 22 loans to 17 clients selling nutritious foods into local markets in Africa and Latin America. We are now seeing clients repay and renew their loans: in Q2, a cooperative that produces dried beans for both domestic and international sale in Nicaragua repaid its loan from 2012 and is now applying for a larger loan. While we are still learning how to conduct these deals most efficiently, we have made substantial progress in entering this adjacent market where our impact is not just on some of the world's poorest farmers and their families but is also contributing to food security in countries that have long depended on food imports.

Overall, our financials are healthy. While earned revenues on the STF were down 20 percent through the middle of the year, our provisioning and operating expenses were below the projection for the period. We are also trimming our operating budget further to weather this down cycle in the market. Year-to-date provisioning expense for the STF performed well ($1.6 million versus budget of $1.9 million) and write offs positively outperformed projections for the period.

Portfolio at Risk (PAR), however, was 5.8 percent for the STF (5.7 percent globally), which is up from 4.2 percent last year at this time. This number remains inordinately influenced by the "lumpiness" of a relatively small portfolio in which loans to one troubled client in Nicaragua, with an outstanding balance of $1.2 million, constitutes one third of the entire PAR balance. Three East African coffee loans, impacted by continuing headwinds in the coffee market, contribute nearly another quarter toward the balance. Two underperforming fresh fruits and vegetables loans round out the segment contributing to the higher-than-usual Portfolio at Risk.

Fundraising results are strong. We ended Q2 with just over $86 million in total debt under management, which will carry us through the year and into 2014. Midway through the year we have raised $11.8 million in contributions toward our goal of $14.9 million for 2013.

We are continuing to hone our response to the challenging market dynamics and are taking the following steps to strengthen our effectiveness and our ability to accomplish our mission in the longer run:

First, we are working closely with our Board of Directors to review and potentially revise our projections for growth. Given all the market volatility and uncertainty, we are taking a prudent approach to revising our long-term growth targets to ensure that changes are based on a thorough understanding of the dynamics within our portfolio and the rapidly evolving market.

Second, we are focusing on building the long-term resilience of our clients, and especially that of our coffee clients, so they can better withstand shocks from climate change and market volatility. In Q3, we will launch the Coffee Farmer Resilience Initiative, a three-year effort to respond to the coffee rust crisis in coffee-growing communities through long-term farm renovation loans, short-term trade credit to facilitate market access, financial management training, agronomic training to support climate-smart renovation and production (working in partnership with technical assistance providers), household-level income diversification, impact assessment and knowledge sharing with industry partners. The program will serve 50 businesses representing 40,000 smallholder farmers and 200,000 family members in farming communities across the region. Our focus is on creating a blueprint for addressing the fundamental issues that underlie the vulnerability of our coffee clients and that have contributed to this crisis, such as underinvestment in the long-term productivity of their farms. We are well positioned to take a leadership role in this industry-wide effort and are working with several partners to ensure appropriate capitalization and collaboration.

Third, we are working closely with our Board to control our costs while being careful not to undermine our ability to rebound from cyclical trends. We anticipate a reduced budget through 2014, thanks to rigorous cost containment measures and an organization-wide "lean" process audit that has already led to plans to cut $1 million from our board-approved budget for 2013. The process review to identify efficiency and effectiveness opportunities will be led by Randy Atkin, our new Senior Vice President of Finance, who brings two decades of experience in the financial services industry including treasury, planning and business unit CFO roles at ADP, American Express and Fidelity Investments.

Fourth, we continue to pursue growth and industry diversification in a way that responsibly assesses and manages credit risk. We know that with coffee prices at a 10-year low, demand for specialty coffee leveling off and coffee rust severely impacting coffee production in some key countries, our growth necessarily requires us to expand our lending in newer geographies and industries. For example, we began lending in The Democratic Republic of the Congo in June. Two of our newest clients are coffee cooperatives helping to revive the sector in a region where many displaced families have only recently returned from years of civil conflict. We are aware, however, that it would be unwise to pursue expansion at the expense of portfolio quality. Some of the initiatives that we are taking to balance these two imperatives include: finding additional resources to support research on new markets and industries prior to entry; significantly expanding the use of third-party collateral monitors to verify client self-reporting on inventories and sales, especially in new geographies; developing industry and geography concentration limits, and; conducting statistical analysis of the nearly 1,500 loans we have made to-date to identify the traits most associated with loan default and to refine credit acceptance standards by industry. We are also evaluating ways to enhance our ability to conduct in-house market research and analysis.

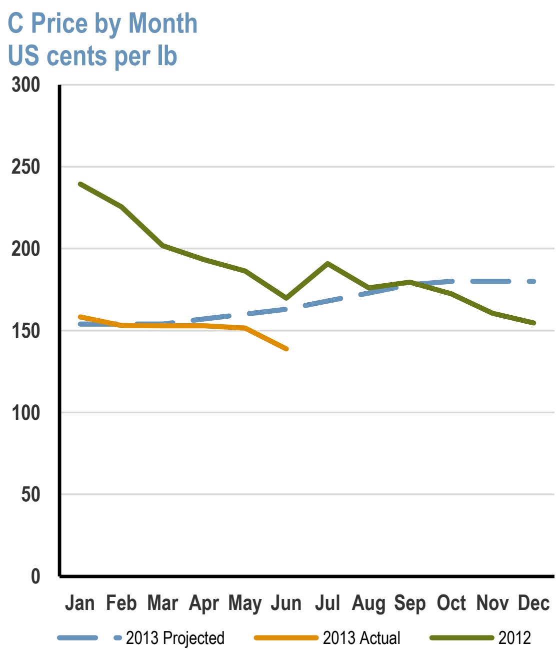
Fifth, we are de-risking existing clients and building quality pipeline through our fast-growing Financial Advisory Services (FAS). FAS provides valuable support to our lending operation by improving the management capacity of our current and potential clients, and by helping us to identify the best-qualified leads.

Midway through the year we are ahead of our FAS targets, reaching 208 small and growing businesses in Africa and Latin America. More than half of these were potential clients, and we have seen encouraging results as we have begun to track the conversion of FAS trainees into lending clients. Recent training workshops in Peru and Tanzania, for example, each resulted in several new loans and, with the recent hire of a Regional Coordinator for FAS in West Africa, we are now poised to offer financial training in all of the geographic markets where we operate. Each region, in fact, is now managed by a dedicated coordinator (in Mexico, South America, Central America, Caribbean, East Africa and West Africa) who oversees the delivery of FAS products through their respective networks, which includes 40 trainers and 10 training partner organizations across 14 countries. Trainers are also supported by an online platform with packaged training tools and a support team dedicated to curriculum development and the delivery of high-quality training services.

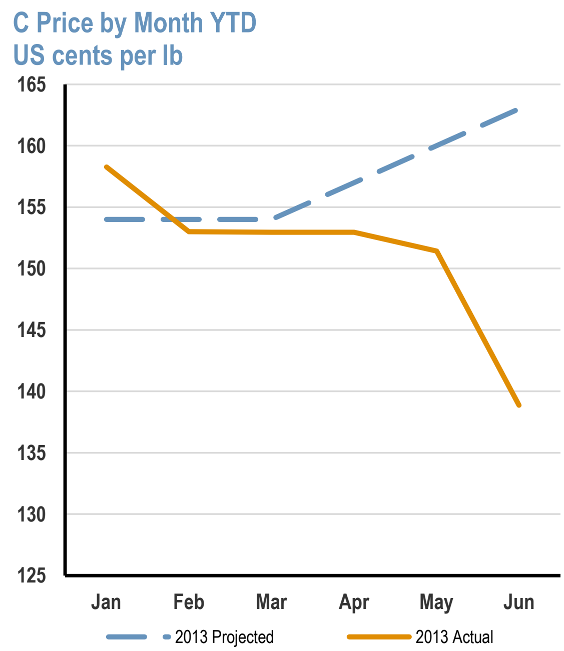
In closing, despite the real challenges we are facing we have built a best-in-class global lending operation that is successfully weathering this storm and that will be even stronger when the headwinds dissipate.

COFFEE MARKET ANALYSIS

Coffee Prices



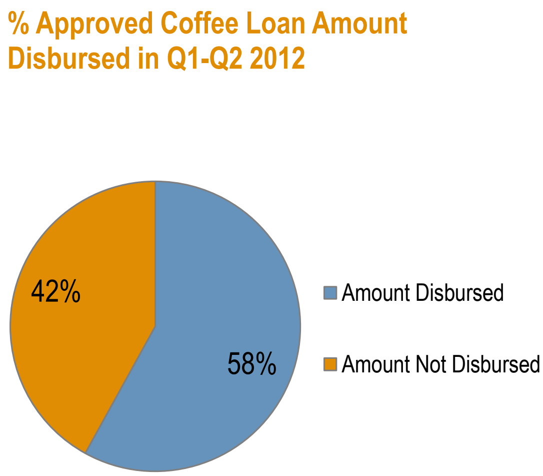
- This C Price is for New York Other Arabica coffee.
- The price projections are based on data from five leading banks (Barclays, Societe Generale, Citigroup, Standard Chartered B and Commerzbank AG) and are complemented by our own research and additional guidance from industry experts.
- Market analysts believe that coffee price projections have been higher this year than actual prices this year for multiple reasons: 1) the Brazil harvest was higher than expected, 2) demand has been lower than expected from the European Union, 3) coffee buyers overbought last year, and 4) buyers are increasingly using Robusta for coffee blends.

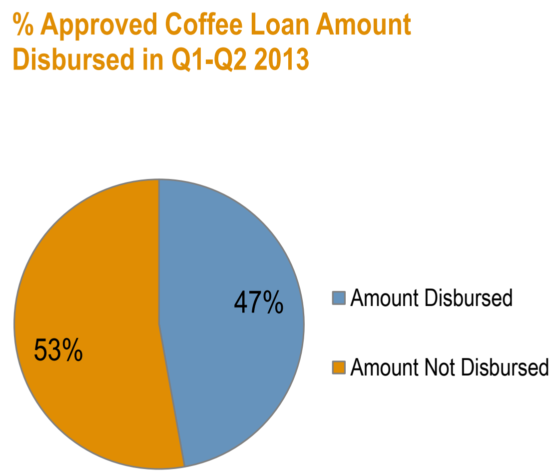


- Coffee prices have dropped 60% since topping $3 per pound in May 2011.
- July 2013 prices averaged $1.38 but dropped as low as $1.12 on a single day.

Approved Coffee Loans

Approved funds are not being drawn down at our historical rates due to the unusual market dynamics in 2013. The charts below show that we have disbursed 47% of coffee loans approved across our portfolio midway through 2013. In comparison to this time last year, we disbursed 58% of approved coffee loans. There is always some lag time, however, from when loans are approved to when they are disbursed, and in some cases clients do not draw on the full amount that is approved for a variety of business reasons.





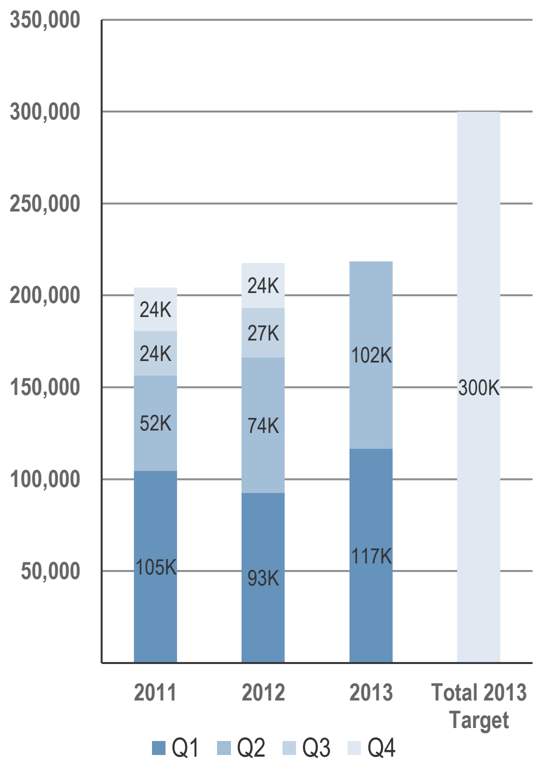
Q2 2013 DASHBOARD*

Metric	Result	Target	Results as % of Target	Page
Social and Environmental Metrics				
Number of Producers Reached	399K	540K for 2013	74%	2
Producers reached directly	218K	300K for 2013	73%	8
Producers reached indirectly	180K	240K for 2013	75%	8
Purchases from Rural Producers	$425M	$379M for 2013	112%	8
Total Revenue of Rural SGBs	$528M	$518M for 2013	102%	9
Sustainable Hectares under Management	390K	651K for 2013	60%	9
Lending Program				
Loan Disbursements	$55M	$86M through 2013	63%	2
Sustainable Trade Fund	$54M	$82M through 2013	66%	10
Frontier Portfolios	$652K	$4M through 2013	16%	15
Outstanding Portfolio Balance	$66.7M	$158M through 2013	77%	
Sustainable Trade Fund	$64.2M	$151M through 2013	78%	10
Frontier Portfolios	$2.5M	$7M through 2013	57%	15
Number of Active Clients	185	N.A.		2
Sustainable Trade Fund	166	N.A.		12
Frontier Portfolios	19	N.A.		16
Average Outstanding Balance per Active Loan	$313K	N.A.		
Sustainable Trade Fund	$331K	N.A.		12
Frontier Portfolios	$133K	N.A.		16
Portfolio-at-Risk Over 90 Days	5.71%	3.8% for 2013	149%	
Sustainable Trade Fund	5.80%	3.5% for 2013	167%	13
Frontier Portfolios	2.50%	7.8% for 2013	32%	17
Loan Loss Ratio	3.20%	3.7% for 2013	85%	
Sustainable Trade Fund	3.50%	3.4% for 2013	103%	13
Frontier Portfolios	-3.20%	9.3% for 2013	-34%	17
Financial Advisory Services (FAS)				
Number of Groups Served by FAS	208	199 for 2013	105%	19
Days of Training Delivered	646	1835 for 2013	35%	19
Catalyze Program				
Overview of Catalyze Program	See page 20 for discussion of Catalyze Program			
Operating Results				
Operating Expense	$6.6M	$15M for 2013	44%	21
Debt to Equity	3.99:1	4.17:1 through Q2	96%	23
Capital Utilization	69%	88.4% through Q2	78%	23
Fundraising Results				
Outstanding Debt Balance	$86M	$98M for 2013	88%	22
Contributions Raised	$11.8M	$14.9M for 2013	79%	22

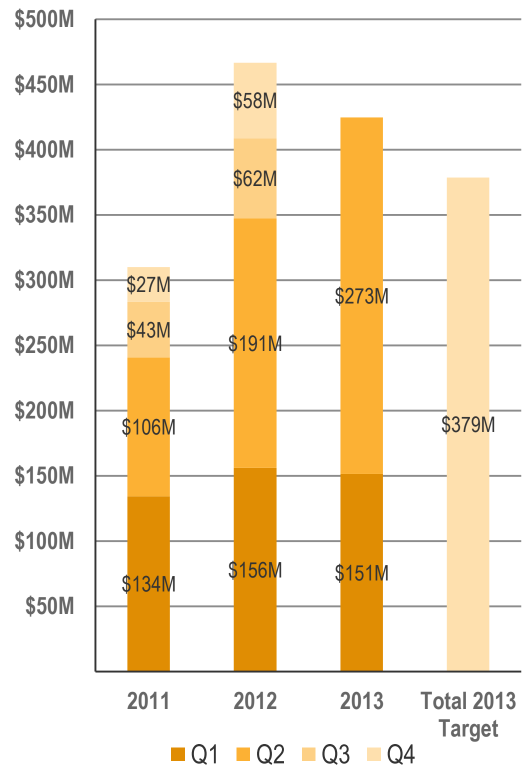
All figures are representative of global performance unless otherwise specified.

SOCIAL AND ENVIRONMENTAL METRICS

Number of Producers Reached Directly (through Q2)



Purchases from Producers (through Q2)

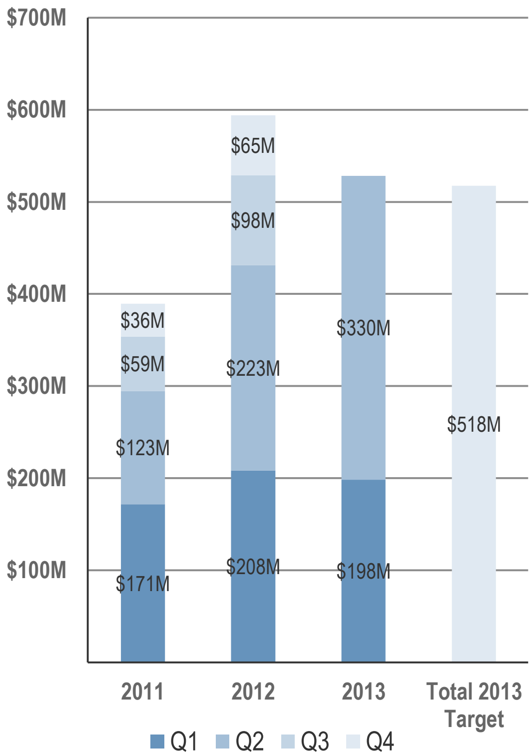


- Through Q2 2013, we reached 218K producers directly. By "reaching producers directly," we mean producers who sell their harvest to the enterprise, as has been the case for the majority of our clients historically. Please see the Note on the following page for an explanation of our methodology.
- Through Q2, we reached 180K producers indirectly. By "indirectly" we mean that producers purchased agro-inputs or post-harvest handling services from the enterprise. Some of these enterprises reach tens of thousands of producers, but the impact of selling a drought-resistant seed variety to farmers is different from that of linking farmers to markets. Therefore, we report on producers reached indirectly separately from producers reached directly.

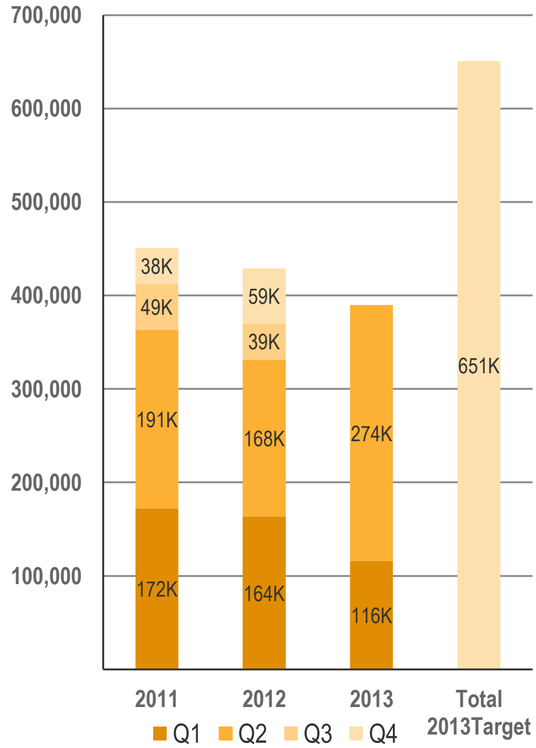
- "Purchases from producers" is the total amount that our client enterprises paid to their small-scale suppliers.
- In aggregate through Q2 2013, our clients purchased an estimated $425M of agricultural product from their producers. As noted below, the large increase in purchases from producers in Q2 is driven by changes in how we count the revenues of three disproportionately large enterprises in our portfolio, and by the inclusion for the first time of clients that still have loans outstanding from previous years.

- Of all the producers reached directly this year, 61K, or 28%, were women.

Total Revenue of Rural SGBs (through Q2)



Sustainable Hectares Under Management (through Q2)



➔ In aggregate through Q2 2013, our clients generated an estimated $528M in total revenue.

➔ As with payments to producers, the large increase in revenues in Q2 is driven primarily by changes in how we count the revenues of three disproportionately large enterprises in our portfolio.

➔ Through Q2 2013, client enterprises represented an estimated 390K hectares of sustainably managed agroforestry and agricultural lands.

Note: Through 2012, in reporting our impact, we capped the number of producers reached at 5,000 for any one client. In other words, even if a client reached 20,000 producers, we counted 5,000 for that client, in order to maintain a conservative estimate of the number of farmers reached and to limit the volatility in this metric over time associated with the entry and exit of large clients from the portfolio. Beginning in 2013, we no longer cap the number of producers per client at 5,000, in order to more accurately reflect the true number of producers that we reach with our financing. For example, for the past few years, we have been financing a particularly large cotton enterprise in Uganda and have historically capped its 40K producers at 5K. However, we have been providing around 50% of the business' financing, comparable to what we provide for many of our other clients, so we believe it is more accurate to report the full number of producers reached rather than to cap this figure arbitrarily.

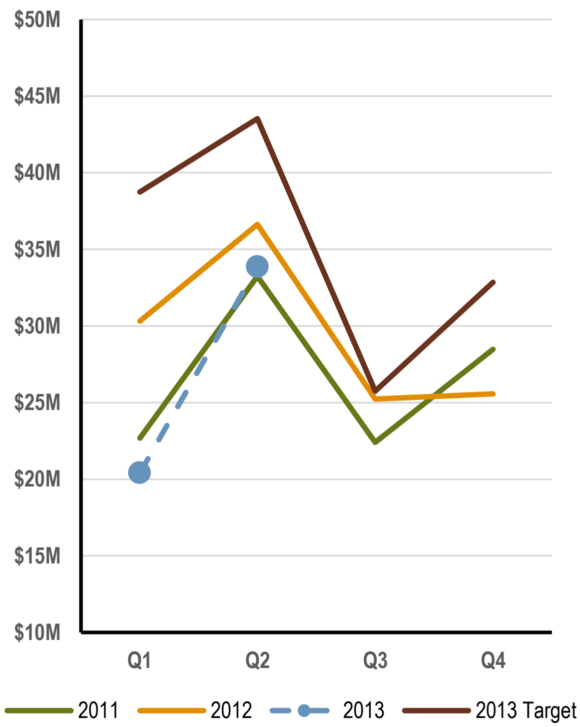
In the past, for each enterprise for which we applied the 5,000 cap, we adjusted the revenues and payments to producers down proportionately. One consequence of removing the cap is that we are now counting the full revenues and payments to producers of our largest clients, which is driving a significant increase in those numbers.

Finally, beginning in Q2 2013, we are reporting metrics not only for enterprises that received a disbursement during the quarter (as we have done historically), but also including metrics for enterprises that have loans outstanding from previous quarters or years, even if they did not receive a disbursement in the current quarter. This method more accurately captures the number of producers reached by our capital in a given time period. This change in methodology resulted in a one-time increase in all social and environmental metrics in Q2.

SUSTAINABLE TRADE FUND

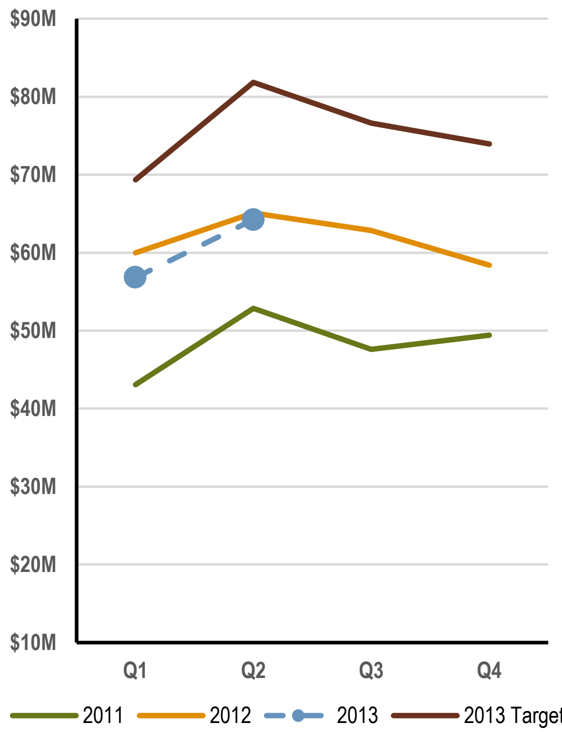
Lending Performance

Loan Disbursements by Year



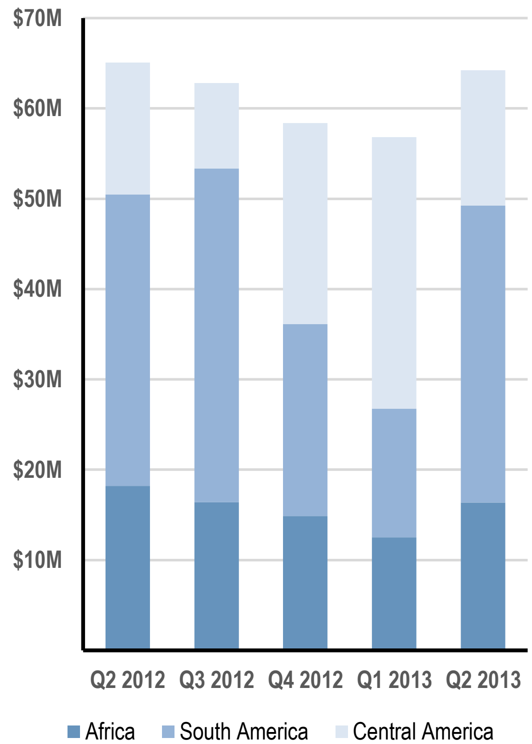
- We disbursed $33.9M in Q2, 22% below the target of $43.5M for the quarter and an 8% decrease over the same period last year. Cumulative disbursements for 2013 are $54.3M, 34% below target for the year and 19% below last year's performance through Q2.
- A major factor of the disbursement slowdown across the regions is the near-frozen coffee market. Buyers are purchasing far less this year due to aggressive buying in previous seasons. To a lesser degree, slower disbursements of Other Agriculture loans contributed to lower-than-expected overall disbursements.
- West Africa and South America experienced stronger performance in Q2 compared to Q1, while Central America and East Africa continued to struggle.

Outstanding Portfolio Balance by Year



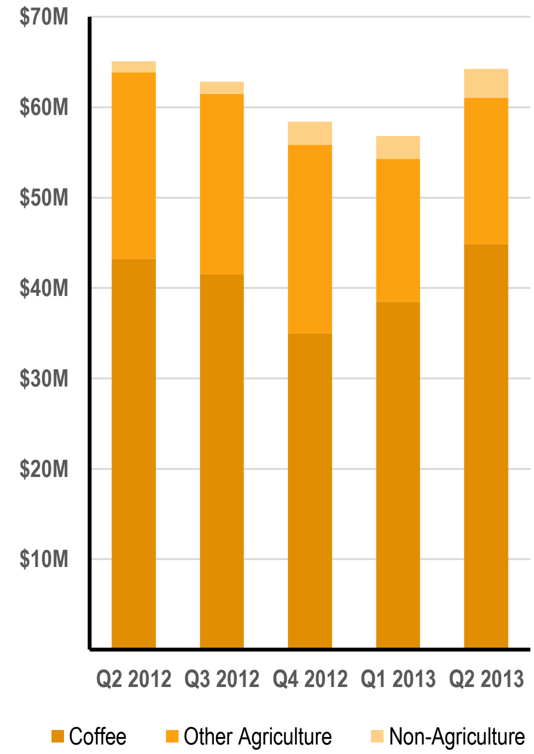
- At the end of Q2, the outstanding balance was $64.2M, 22% below the projection of $81.9M and 1% below the same time last year.
- The outstanding balance level is a direct result of slowed disbursement activity and as such is lower than projected.

Outstanding Balance by Region (Trailing 5-Quarter)



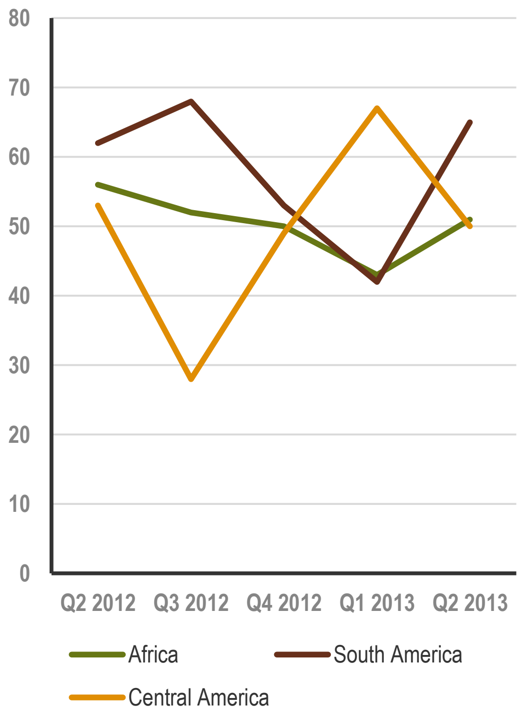
- The South America portfolio balance was $32.9M at the end of Q2, 24% below projections but 2% above the same period last year. Q2 and Q3 are the peak periods for this portfolio, driven by the coffee harvest season.
- The Central America portfolio dropped to $15.0M by the end of Q2, which was 3% higher than last year but 3% below projections. This portfolio is at its peak in Q1 and the decline is in line with the cyclical pattern, mostly driven by the coffee harvest season. Decreased demand from coffee buyers and coffee rust disease were key factors in the lower-than-expected outstanding balance.
- West Africa's outstanding balance almost doubled from the end of Q1 to reach $5.0M at the end of Q2, 16% higher than projected. This growth was driven by increased demand from repeat clients in the cashew industry.
- The East Africa portfolio was $11.4M at the end of Q2, 39% below projections and down 14% from the same time last year. A large portion of the East African portfolio is Rwandan coffee, which experienced the same industry-wide issues discussed above.

Outstanding Balance by Industry (Trailing 5-Quarter)



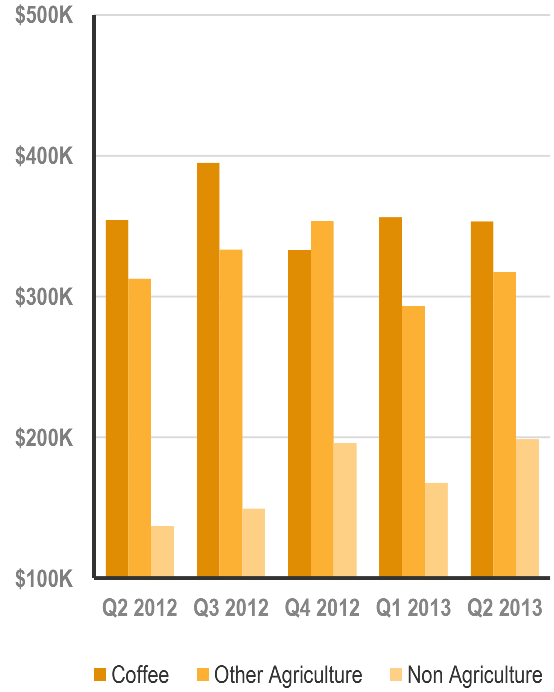
- Root Capital's coffee portfolio consists of loans made to specialty coffee value chains, such as organic and/or fair trade coffee, which provide higher social and/or environmental impact than most conventional coffee.
- Coffee loans continue to be the mainstay of the Sustainable Trade Fund, accounting for 70%, or $44.9M, of the $64.2M portfolio.
- Other Agriculture loans totaled $16.2M, or 25% of the Sustainable Trade Fund Portfolio at the end of Q2. The two largest industries were cashews ($3.2M) and cocoa ($2.7M). The portfolio is spread across the different regions in which Root Capital operates.
- The Non-Agricultural sector consists of loans to industries like handcrafts and aquaculture. This portfolio remains a very small portion of the portfolio, with $3.2M, or 5%, outstanding.

Number of Active Clients by Region



- The total number of active clients at the end of Q2 was 166, down slightly from 171 for the same time last year.
- The Central America portfolio dropped expectedly from its cyclical peak in Q1. The number of active clients declined from 67 at the end of Q1 to 50 at the end of Q2. This is a slight reduction from the 53 active clients at the end of Q2 2012.
- The South America portfolio moves in the opposite direction from the Central American portfolio because of the opposite harvest cycle in the Southern Hemisphere. The number of active clients increased from 42 in Q1 to 65 at the end of Q2, a 5% increase in the number of clients from the same time last year.
- The number of active clients in Africa at the end of Q2 was 51, down from 56 for the same time last year.

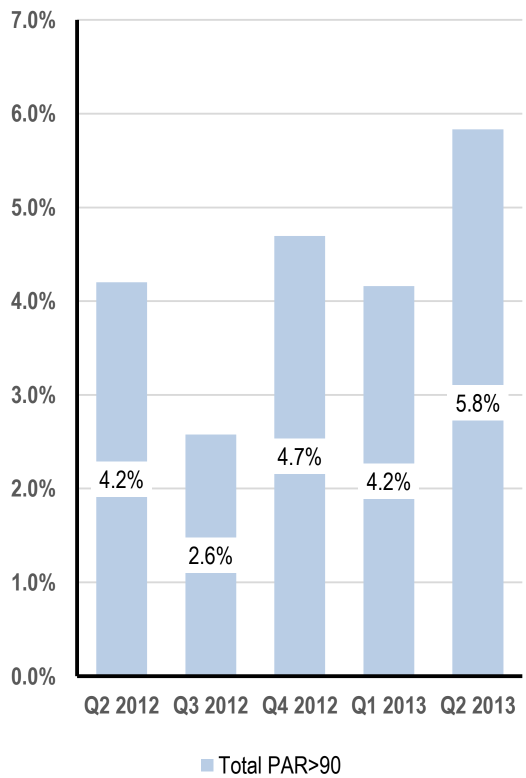
Average Outstanding Balance per Active Loan



- The average coffee loan outstanding remained steady from last quarter at approximately $353K. The average size of coffee loans is driven in large part by the timing of the coffee seasons. Early in each season, average loan sizes are higher; as the seasons wind down, payments are received and the average loan size decreases.
- The average Other Agriculture loan outstanding increased by 8% from last quarter to $317K per loan. This is in line with the $313K loan size at the end of Q2 2012.
- The average loan size in Non Agriculture varies more widely than the other sectors due to the small portfolio size. The loan size was $199K at the end of Q2, an 18% increase from the end of Q1.

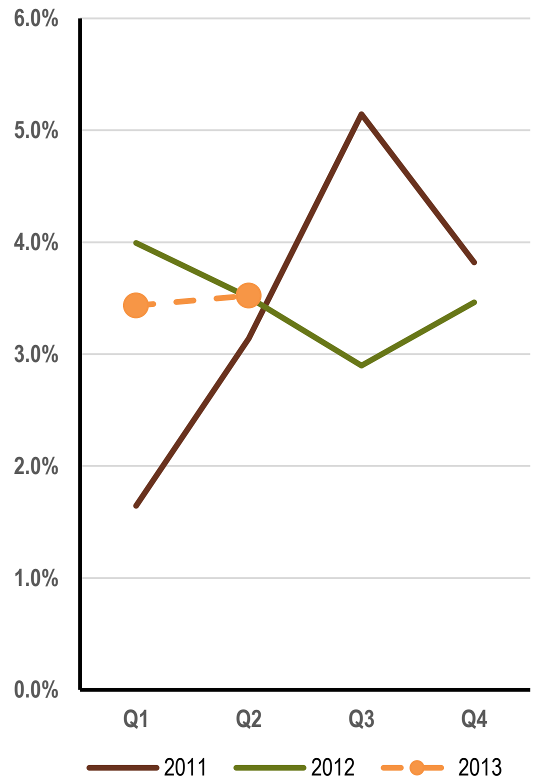
Lending Risk

Portfolio at Risk > 90 Days



- The Portfolio at Risk (PAR) over 90 days was 5.8% at the end of Q2, up from 4.2% at the end of Q1. The total balance at risk increased from \$2.4M to \$3.7M.
- South America is the largest portfolio and had a solid PAR of 2.7% at the end of Q1. This was an increase from the unusually low 0.0% PAR at the end of Q1. The increased risk was spread across five different industries.
- PAR for our Central America portfolio increased from 4.9% last quarter to 11.4% at the end of Q2. However, the increase was driven by the cyclical reduction in the region's outstanding balance. The portfolio balance at risk increased just \$200K from \$1.5M to \$1.7M at period end. The risk was driven by increased provisioning for a long-time Nicaraguan coffee client with \$1.2M outstanding.
- PAR was high in East Africa at 8.1%, or \$900K, due to the dramatic decrease in coffee prices last year, which in a few cases resulted in clients with overpriced inventories.
- PAR in West Africa was 4.4%, or \$200K, at the end of Q2.

Loan Loss Ratio (Trailing 12 month average)



- The Loan Loss Ratio has remained steady over the last three quarters and was 3.5% at the end of Q2.
- The Loan Loss Ratios for East Africa and South America were low at 0.1% and 2.1%, respectively. A \$43K loan was written off in Q2 to a coffee producer in Uganda.
- The Loan Loss Ratio for West Africa was 17.4%. Two loans were written off in this region during Q2 for a combined loss of \$419K. The losses were from a fresh fruit company in Burkina Faso (\$292K) that experienced supply chain problems due to political instability and a cocoa producer in Sierra Leone (\$127K) that had management challenges.
- In the Central American region, the Loan Loss Ratio at the end of Q2 was 4.3%. A single loan was written off in Q2 for \$185K to a coffee cooperative in Mexico. The main driver of the Loan Loss Ratio in this region remains a \$670K loan written off last year to a pineapple producer in Costa Rica.

Sustainable Trade Fund Financial Results & Analysis

All numbers in thousands	Sustainable Trade Fund			
	Q2 YTD 2013			
	Actual	Budget	Variance ($)	Variance (%)
Loan Interest	2,718	3,263	(545)	-17%
Fees & Other Revenue	498	734	(235)	-32%
Gain (loss) on Fx Lending	(17)	0	(17)	N/A
Total Earned Revenue	**3,200**	**3,997**	**(797)**	**-20%**
Portfolio Yield	**11.0%**	**10.9%**	**0.1%**	**1%**
Net Allowance for Loan Loss Expense	1,570	1,939	(369)	-19%
Provisioning Expense Ratio	5.4%	5.3%	0.1%	2%
Net Interest Expense	825	906	(81)	-9%
Net Funding Expense Ratio	2.8%	2.5%	0.4%	15%
STF Operating Expense	2,447	2,648	(201)	-8%
Operating Expense Ratio	8.4%	7.2%	1.2%	16%
Total Expenses	**4,842**	**5,493**	**(651)**	**-12%**
Total Expense Ratio	**16.6%**	**15.0%**	**1.6%**	**11%**
STF Surplus / (Deficit)	**(1,642)**	**(1,496)**	**(146)**	**-10%**
Operational Self Suffiency (OSS)	**66%**	**N/A**	**N/A**	**N/A**

EARNED REVENUE

Through the first half of 2013, the Sustainable Trade Fund earned interest and fee revenue of $3.2M, 20 percent below target. This result was driven both by a lower portfolio balance and a lower yield on that balance. Reduced disbursements resulted in an average balance of $58M, 21 percent below target. Portfolio yield was 11.0 percent, in line with our 10.9 percent projection. Factors contributing to the shortfall in interest revenue include lower coffee prices, higher buyer inventory, increased competition and coffee rust.

ALLOWANCE FOR LOAN LOSS EXPENSE

During Q2 we provisioned $1.23M in net loan loss expense. This is in addition to the $0.34M of net loan loss expense incurred in Q1, for a total of $1.57M during the first half of 2013. Approximately $0.7M of the YTD loan loss expense is due to the Q2 downgrade of five clients in Latin America, with one each in the sesame, timber and cocoa industries, and two in the coffee industry. An additional $0.9M in loan loss expense came from four loans in Africa, including two loans to a mango producer in Burkina Faso and a cocoa producer in Sierra Leone that were written off during Q2, as well as the downgrade of two Rwandan coffee producers in East Africa. Compared to target, our net allowance for loan loss expense was 19 percent below budget.

INTEREST EXPENSE & INTEREST EARNED ON CASH AND INVESTMENTS

Net interest expense through June was $81K below budget. This variance was primarily driven by a reduction in debt capital required to manage our lending needs.

LENDING PROGRAM OPERATING EXPENSE

Through Q2, operating expenses for the Sustainable Trade Fund were $2.45M, approximately eight percent below budget. However, our operating expense ratio of 8.4 was 1.2 percentage points above target due to a lower average portfolio balance.

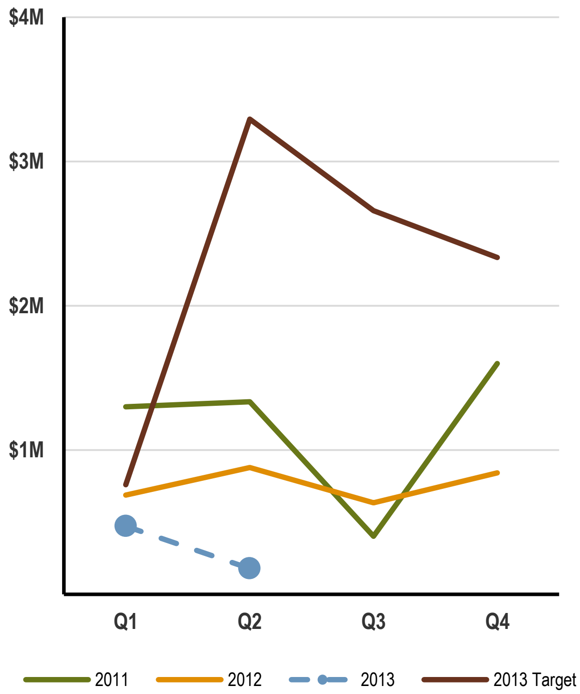
OPERATIONAL SELF SUFFICIENCY

Operational Self Sufficiency (OSS) through Q2 was 66%, lower than expected due to below-target earned revenue, which was partially offset by below-target expenses.

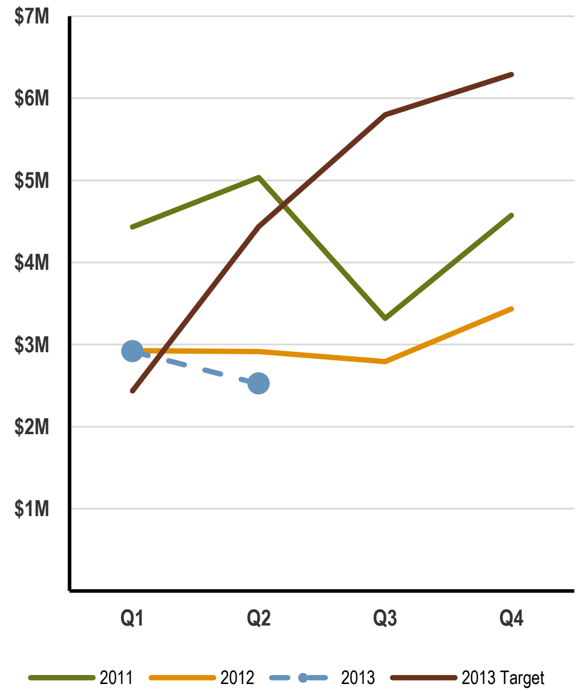
FRONTIER PORTFOLIOS

Lending Performance

Loan Disbursements by Year



Outstanding Portfolio Balance by Year

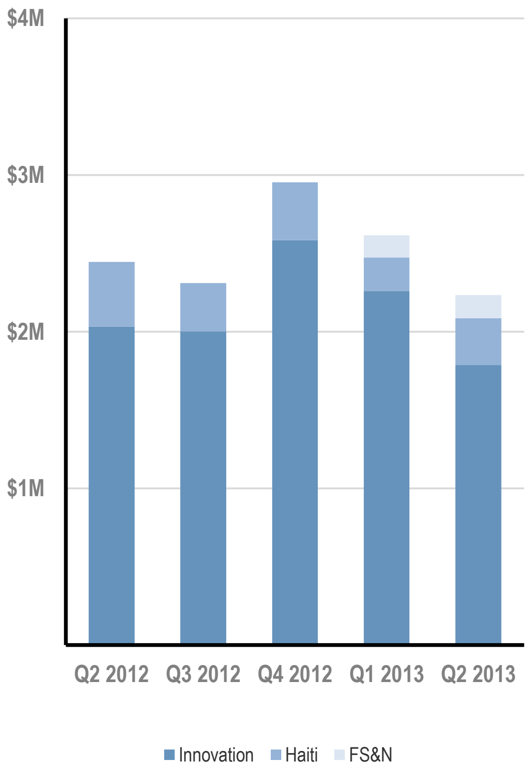


- ➔ We disbursed $179K in the Frontier Portfolios in Q2. The Frontier Portfolios consist of loans made in the Innovation, Food Security & Nutrition, Haiti and Other Portfolios. Across the Frontier Portfolios, disbursements were slower than expected due to slow penetration into new industries, the need to adapt our loan structures to the needs of businesses in these markets and the delayed hiring of new lending and innovation staff in West Africa (pending) and Peru (hired in June, four months later than projected).
- ➔ We disbursed $44K in the Innovation Portfolio in Q2, 97% below the target of $1.7M. Disbursements were made in Ghana and Nicaragua to soy and dried bean producers, respectively. We expect a handful of new loans during Q3.

- ➔ The outstanding balance was $2.5M at the end of Q2, 43% below the projected outstanding balance of $4.4M.
- ➔ The lower-than-expected outstanding balance was due primarily to delayed approvals and disbursements in the Food Security & Nutrition portfolio and, to a lesser extent, in the Innovation Portfolio.

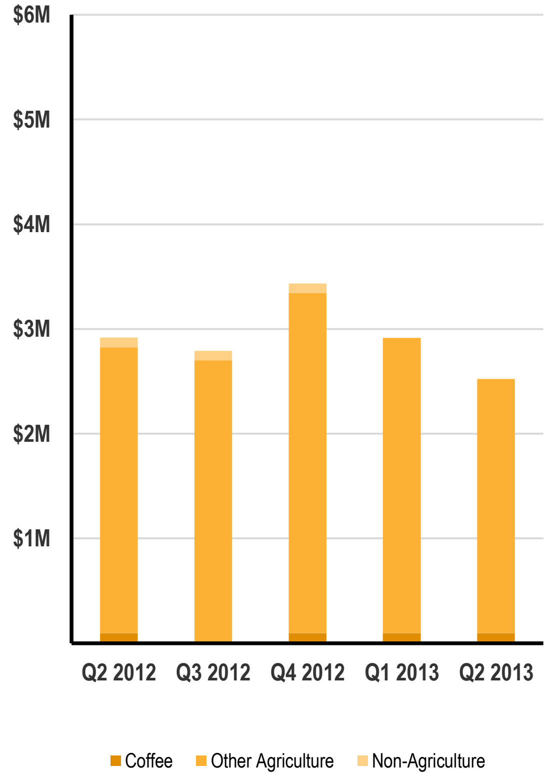
- ➔ $50K was disbursed in the new Food Security & Nutrition Portfolio, 97% below the target of $1.6M. The disbursement was made to a millet producer in Senegal. We expect to make up much of this shortfall with several new and renewal loans in Q3 and Q4.
- ➔ We disbursed $86K in the Haiti Portfolio in Q2.

Outstanding Balance by Portfolio



- The Innovation Portfolio had $1.8M outstanding at the end of Q2, a 12% decrease from $2.0M outstanding at the same time last year. There are currently 12 active clients in the Innovation Portfolio in seven countries across Africa and Latin America.
- The Food Security & Nutrition Portfolio had $148K outstanding with two clients in Africa at the end of Q2.
- The Haiti Portfolio increased by 40% from last quarter, reaching $299K outstanding.
- The Other Portfolio (formally our North Portfolio) had two loans outstanding at quarter-end with a combined balance of $288K. The Other Portfolio is intentionally omitted from the graph due to its small size and planned closure this year.

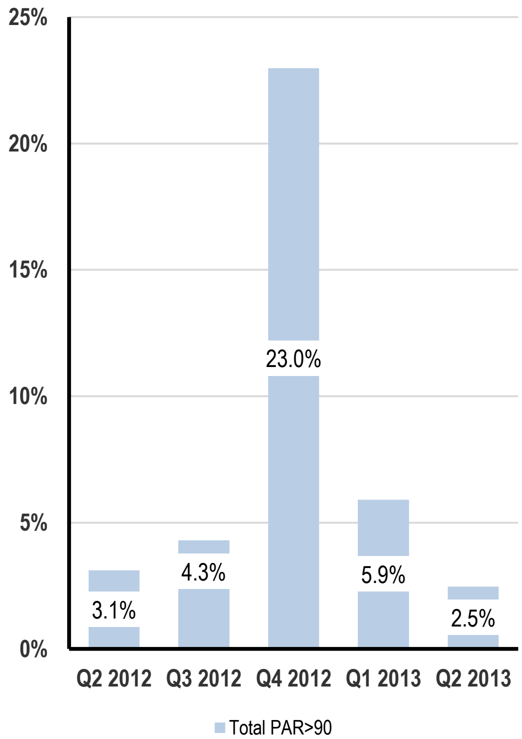
Outstanding Balance by Industry



- The three largest industries in the Frontier Portfolios were: 1) rice (28%), 2) seeds for farm inputs (24%) and 3) animal feed (7%).
- The Innovation Portfolio is by far the largest portfolio of the Frontier Portfolios, and contains the majority of the portfolio's deals, though we expect that the Food Security & Nutrition Portfolio will surpass it in the coming year.

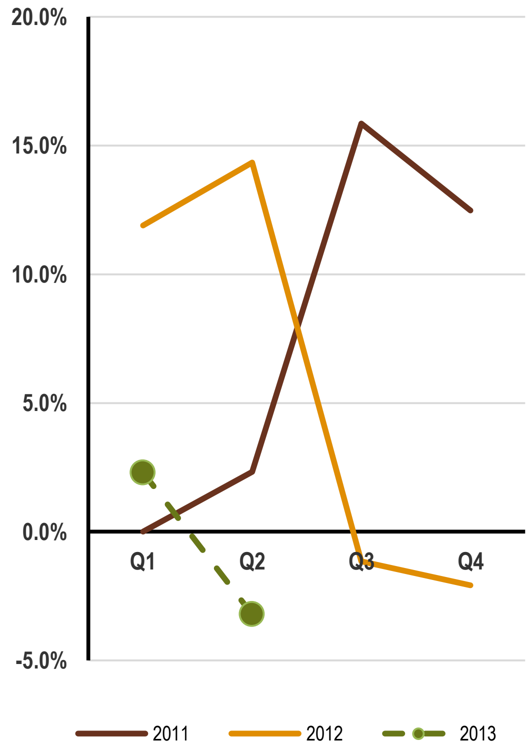
Lending Risk

Portfolio at Risk > 90 Days



- The Portfolio at Risk over 90 days (PAR) was 2.5% at the end of Q2, down from 5.9% at the end of last quarter. The PAR dropped significantly due to the upgrade of a $129K rice loan in the Other Portfolio. The outstanding balance of the loans at risk was $62K.
- The Innovation Portfolio had two loans at risk with a combined balance of $62K. The PAR for the Innovation Portfolio was 3.5%.
- There are no loans currently at risk in the Haiti, Other or Food Security & Nutrition Portfolios.

Loan Loss Ratio (Trailing 12-month average)



- At the end of Q2 the Loan Loss Ratio for the Frontier Portfolios was -3.2% due to recoveries made in the Other Portfolio.
- The Haiti Portfolio had a Loan Loss Ratio of 27.5%, driven by the write-off of a vetiver oil loan and a handcraft loan in Q1 2013. The losses equaled $168K.
- The Loan Loss Ratios for the Innovation, Other and the Food Security & Nutrition Portfolios were 0.0% at the end of Q2. These portfolios have never had a loss.
- The Other Portfolio had a 0.0% loan loss ratio and $183K was recovered for loans written off in the 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 Q2 YTD 2013 Actual	Budget	Variance ($)	Variance (%)
Loan Interest	223	212	11	5%
Fees	10	41	(31)	-76%
Gain (loss) on Fx Lending	(40)	0	(40)	N/A
Total Earned Revenue	**193**	**253**	**(60)**	**-24%**
Portfolio Yield	**12.3%**	**15.3%**	**-3.0%**	**-19%**
Net Allowance for Loan Loss Expense	(284)	290	(574)	-198%
Provisioning Expense Ratio	-18.2%	17.5%	-35.7%	-204%
Net Interest Expense	35	28	7	26%
Net Funding Expense Ratio	2.3%	1.7%	0.6%	34%
Frontier Portfolios Operating Expense	769	894	(124)	-14%
Operating Expense Ratio	49.3%	54.1%	-4.8%	-8.8%
Total Expenses	**521**	**1,212**	**(691)**	**-57%**
Total Expense Ratio	**33.3%**	**73.3%**	**-39.9%**	**-55%**
Frontier Surplus / (Deficit)	**(328)**	**(959)**	**631**	**66%**

EARNED REVENUE

Through Q2 2013, total earned revenue in the Frontier Portfolios was $193K, 24 percent below target. We earned $223K in loan interest, 5 percent above Q2 estimates. However, reduced disbursements resulted in a $31K variance in fees below target. In addition, we posted a $40K loss on foreign currency (Fx) lending. The Lending section of this report provides further detail on the lower disbursements in the Frontier Portfolios.

ALLOWANCE FOR LOAN LOSS EXPENSE

During the first half of 2013 net provisioning for loan losses within the Frontier Portfolios decreased by $284K. This result was driven by a $112K reduction in allowance for loan loss expense primarily associated with the repayment of an at-risk rice loan of $450K in Senegal and the recovery of approximately $150K in loan principal previously written off.

INTEREST EXPENSE & INTEREST EARNED ON CASH AND INVESTMENTS

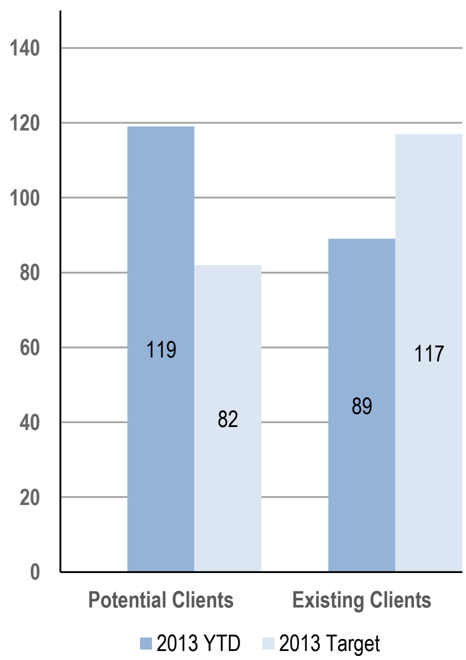
We incurred $35K in net interest expense during Q2, which is $7K above target. This expense was incurred on debt in the Food Security & Nutrition and Haiti Portfolios, since we do not pay a return to Innovation Portfolio investors.

LENDING PROGRAM OPERATING EXPENSE

Through June 2013, we spent $769K on operating expenses, representing 43 percent of the full-year 2013 operating expense budget.

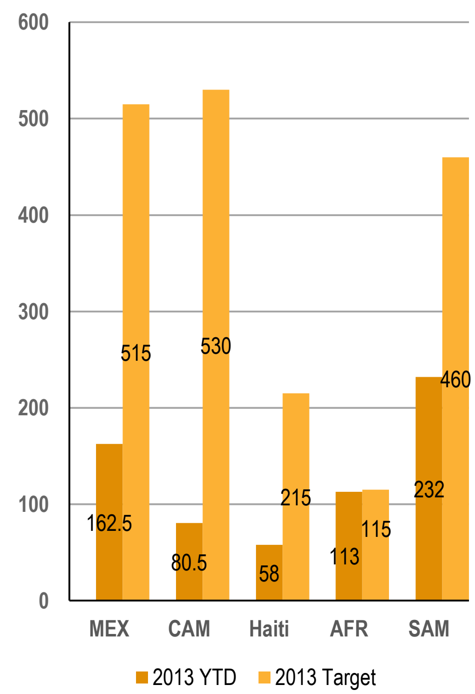
FINANCIAL ADVISORY SERVICES

Groups Served by FAS (through Q2)



- As of the end of Q2, we reached 208 small and growing businesses across 13 countries in Africa and Latin America through our Financial Advisory Services (FAS) program, exceeding our goals for the year at its midpoint.
- The majority of groups we served (57%) were potential Root Capital clients, as part of our effort to expand our credit pipeline. Additionally, we worked with 89 existing lending clients to improve their financial management capacity and prepare them for long-term financial products from Root Capital.
- We are continuing to diversify at both the geographic and industry level. We began operations in Colombia and Bolivia and are currently finalizing a market assessment in the Dominican Republic. In addition to coffee, we are actively engaged with clients in cocoa, bananas, honey and essential oils. In Q2, we also welcomed a new coordinator to the team who will oversee the expansion of FAS activities in West Africa.

Days of Training Delivered by FAS (through Q2)



- In Q2 we provided a total of 374 days of training, bringing us to 646 days YTD as compared to our annual target of 1835 days. This puts us at 35% midway through the year.
- The slight shortfall in training days resulted from our focus on expanding internal capacity through our Training of Trainer program events in Q1 and Q2.
- Additionally, we carried out a larger number of diagnostics (90% of our annual target), which allows us to establish baselines, set customized goals, and develop tailored work plans. We plan to increase training days in Mexico, Central America, and Haiti during Q3 and Q4.
- We continue to devote attention to packaging and sharing our training curriculum through our e-learning platform and our Training of Trainers program, ensuring support of new and existing trainers and quality of training activities. As of the end of Q2, we have 21 trainers in the field as part of our Training of Trainers program.

CATALYZE PROGRAM PERFORMANCE

During Q2 2013, Root Capital received an award from the British government for achievement in impact investing, welcomed scores of value chain partners with a series of special events at the Specialty Coffee Association of America (SCAA) annual meeting and was featured in media outlets as thought leaders in the fields of sustainable agriculture, impact investing and small business growth in rural Africa and Latin America.

STRATEGY, KNOWLEDGE & INNOVATION

- In April, we attended an Emergency Coffee Rust Summit in Guatemala hosted by World Coffee Research (WCR) with their local partner the Association of Central American Coffee Organizations (PROMECAFE). The summit brought together experts and key value chain segments to develop strategies to prevent and control the coffee rust epidemic for the coming harvest years.
- Loan officers from our Central American and Mexican offices came together for a three day, field-based sustainable agriculture training in Costa Rica with Rainforest Alliance and Earth University as part of our ongoing work to strengthen our environmental due diligence and loan underwriting.

THOUGHT LEADERSHIP & FIELD BUILDING

- Root Capital staff led several sessions ranging from improving farmer profitability to investing in food security at the annual gathering of the Specialty Coffee Association of America, an event of nearly 10,000 industry professionals representing every aspect of the value chain from crop to cup. The event was held in Boston this year, which gave us the opportunity to host a series of special events for value chain partners and clients, including a coffee tasting/forum at the Starbucks flagship café in Harvard Square, Cambridge that brought together Starbucks executives, Nicaragua coffee farmers, importers and Root Capital donors and investors.
- Willy Foote spoke on the impact investing panel at the 2013 Social Innovation Summit located at the United Nations General Assembly in New York. He was joined by Randall Kempner, Executive Director of the Aspen Institute's Network of Development Entrepreneurs (ANDE) and panel moderator Amy Bell, an Executive Director and Head of Principal Investments for J.P. Morgan's Social Finance business unit.
- Mike McCreless and Jesse Last attended ANDE's Annual Metrics Conference in Washington, D.C. in June. Mike facilitated a session on Data-Driven Decision Making, and both participated in a working group focused on environmental performance and measurement.

INDUSTRY RECOGNITION AND PUBLICATIONS

- In June, Root Capital received The Department for International Development (DFID) special award for Achievement in Impact Investing. The British government's DFID Award for Achievement in Impact Investing recognizes pioneering investment funds that have a clear strategy to make financially sustainable investments that benefit the poor. This honor was awarded at the Financial Times/IFC Sustainable Finance Conference in London.
- For the seventh consecutive year, Root Capital earned the top rating (4-star) from Charity Navigator. Charity Navigator, America's largest independent evaluator of charities, deemed Root Capital "exceptional" for its sound fiscal management and commitment to accountability and transparency. Only 2% of the charities rated have received at least seven consecutive 4-star evaluations.
- Root Capital Founder and CEO Willy Foote and Green Mountain Coffee Roasters CEO Brian Kelley co-wrote The Boston Globe Op-Ed "Feeding Hungry Coffee Farmers" that discussed food insecurity for smallholder coffee farmers as a result of factors including climate change and ways to strengthen the base of the coffee value chain.

OVERALL OPERATING RESULTS

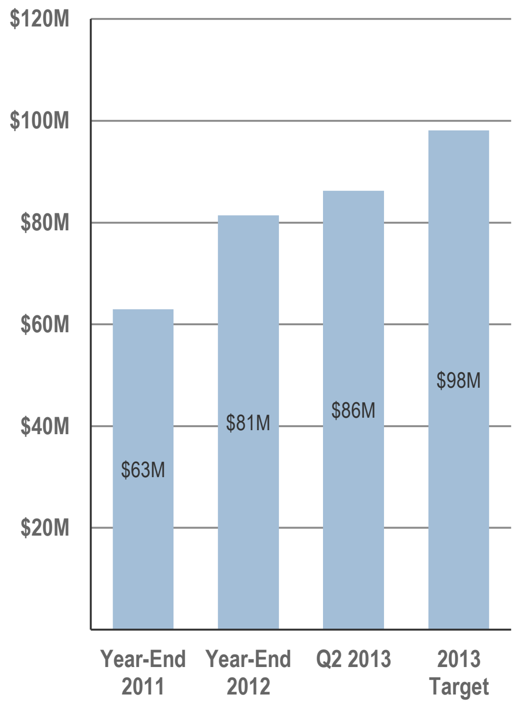
Operating Expense by Program

Program All numbers in thousands	2013 Operating Expenses			Y/Y Growth	
	Q2 YTD 2013 Actual	FY 2013 Budget	% of Budget Spent	Q2 YTD 2012 Actual	Y/Y Growth
Finance Opex (Sustainable Trade Fund)	2,447	5,295	46%	2,374	3%
Finance Opex (Frontier Portfolios)	769	1,787	43%	626	23%
Advise Opex	2,114	4,363	48%	1,165	81%
Catalyze Opex	1,317	3,740	35%	1,011	30%
Total Opex	**6,647**	**15,186**	**44%**	**5,176**	**28%**

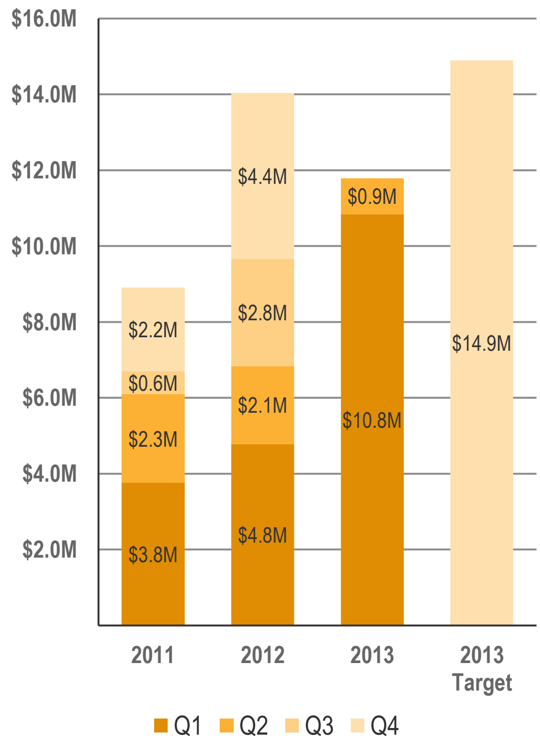
- ➔ We incurred $6.6M in total operating expenses during Q2, representing approximately 44 percent of our full-year 2013 budget of $15.19M. This result is in line with performance through Q2 2012 in which we spent 42 percent of our $12.51M budget.
- ➔ Combined Lending operating expenses were $3.2M, accounting for 45 percent of our total FY2013 Lending operating budget. This is directly in line with Lending spending in FY2012, which was also at 45 percent of its total operating budget at the end of Q2.
- ➔ Advise operating expenses of $2.1M represent 48 percent of the $4.36M Advise operating budget. Year-over-year Advise operating expenses have grown by 80 percent as a result of the Root Link project in Central America maturing into full operation, along with strong growth in our FASTrack activities in South America, Africa and Haiti.
- ➔ Catalyze operating expenses were $1.3M, representing 35 percent of Catalyze's total operating budget for FY2013. The primary drivers of the Catalyze program's lower than expected spending are delayed hiring, consulting and travel costs.

Fundraising Results

Outstanding Debt Balance (through Q2)



Total Contributions Raised (through Q2)



- ➔ We ended Q2 with just over $86M in total debt under management.
- ➔ Given the lower-than-projected lending disbursements for 2013 and corresponding outstanding debt balance, our current forecast is that we will not grow our debt under management between now and the end of the year.

- ➔ At the close of Q2, we raised a total of $11.8M against a fundraising goal of $14.9M for 2013.
- ➔ A focus in late Q2 and early Q3 has been working with funder partners to capitalize Root Capital's Coffee Farmer Resilience Initiative. We look forward to sharing the results of these efforts later in the year.

Operating Results Summary

As mentioned earlier, reduced earned revenue on our STF lending portfolios was partially offset by lower-than-projected expenses in risk, interest and operations. In addition, the operating deficit for the Frontier Portfolios was materially lower than projected due to recoveries on loans previously written-off. Advise and Catalyze operations are below budget as well. However, contributions and debt fundraising are largely on track.

Balance Sheet Highlights & Key Ratios

Balance Sheet Highlights (All numbers in thousands)	Q2 2013 Actual	Q2 2013 Budget	Variance ($)	Variance (%)	FY 2012 Actuals	Change since 12/31/2012 (%)
Cash and Short-Term Investments	45,197	27,239	17,958	66%	44,425	2%
Total Loans Receivable	66,783	86,019	(19,236)	-22%	61,773	8%
Less: Allowance for Loan Loss	(2,594)	(2,594)	(0)	0%	(2,120)	22%
Loans Receivable (net)	64,189	83,425	(19,236)	-23%	59,653	8%
Other Assets	17,738	16,465	1,273	8%	17,106	4%
Total Assets	**127,124**	**127,129**	**(5)**	**0%**	**121,185**	**5%**
Total Notes Payable & Other Debt	86,267	88,959	(2,692)	-3%	81,462	6%
Other Liabilities	2,500	1,551	949	61%	1,408	78%
Total Liabilities	**88,767**	**90,510**	**(1,743)**	**-2%**	**82,870**	**7%**
Total Net Assets	**38,357**	**36,619**	**1,738**	**5%**	**38,315**	**0%**
Total Liabilities & Net Assets	**127,124**	**127,129**	**(5)**	**0%**	**121,185**	**5%**

Key Financial Ratios	Q2 2013 Actual	Q2 2013 Target	Variance (%)	FY 2012 Actual	Change since 12/31/2012 (%)
Debt-to-Equity Ratio	3.99	4.17	-4%	3.82	5%
Capital Utilization	68.6%	88.4%	-22%	84%	-19%
Current Ratio	3.74	N/A	N/A	4.24	-12%

- ➔ During Q2 2013, our balance sheet grew by 3 percent to $127.1M.
- ➔ At the end of June, we held approximately $45.2M in cash, reserves and short-term marketable securities, approximately $18M more than anticipated. This increase was primarily due to disbursements being $28M (34%) below target, leading to an outstanding portfolio balance that was 22% below target.
- ➔ Our Q2 capital utilization was 69 percent, a 22 percent variance to target. As described above, this variance results from 2012 debt fundraising completed in anticipation of a larger lending portfolio balance.
- ➔ Our debt-to-equity ratio at quarter end was 3.99x, below our 4.17x target. We ended the quarter with a current ratio of 3.33x, indicating a strong ability to meet our short-term liability obligations.

APPENDIX: Q2 2013 FINANCIAL STATEMENTS*

**Other social lenders have agreed to participate in a portion of several loans originated by Root Capital. Based on the advice of our external auditors, we recently changed the way we account for these loans, and are now including the full value of the loan receivable and interest earned on our financial statements, with an offsetting loan participation liability and interest expense. The participation portions of those loans are not included in the Lending Performance sections of this report because the other lenders are entitled to the interest revenue for their participation portion of the loan balance, and are liable for any loan losses on that balance. However, loan participation amounts are included in the Operating Results section to represent our Total Outstanding Debt Balance accurately and for calculating our debt-to-equity Ratio. Our total loan participation balance at the end of Q2 2013 was $29,100.*

Statement of Financial Position as of June 30, 2013

in thousands	June 2013				June-13 vs June-12		June-13 vs Dec-12	
	Operating	Sustainable Trade Fund	Frontier Portfolios	Total Root Capital	June-12	% Y/Y	December-12	$ Change
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	3,814	16,037	3,642	23,492	8,721	169%	31,940	(8,448)
Cash loan loss reserve (10% of gross loans rec.)		6,426	252	6,678	6,853	-3%	6,177	501
Escrow funds		1,106		1,106	2,397	-54%	119	987
Investments		6,921	7,000	13,921	6,212	124%	6,307	7,613
Current loans receivable, net of allowance for loan losses of $2.5 m and $2.6 m		48,947	1,947	50,893	57,019	-11%	45,319	5,574
Interest receivable, net of allowance for interest losses of $104k and $200k		1,182	54	1,236	1,046	18%	1,040	197
Collateral on hedge		-		-	46	-100%	21	(21)
Grants receivable and accounts receivable	5,300	5,628	732	11,660	6,185	89%	9,176	2,483
Other current assets	320		-	320	212	51%	271	49
Total current assets	9,433	86,247	13,626	109,306	88,693	23%	100,371	8,935
EQUIPMENT AND IMPROVEMENTS, net	263		-	263	330	-21%	300	(37)
LOANS RECEIVABLE, net of current portion		12,820	475	13,295	8,890	50%	14,334	(1,039)
GRANTS RECEIVABLE, net of current portion	2,669	1,115	385	4,168	4,495	-7%	6,096	(1,928)
OTHER NON-CURRENT ASSETS	92		-	92	83	11%	83	9
Total assets	**12,457**	**100,182**	**14,486**	**127,124**	**102,491**	**24%**	**121,185**	**5,940**
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Notes payable, short term		23,932	-	23,932	19,150	25%	22,267	1,666
Notes payable, subordinated		1,875	-	1,875	-	-	100	1,775
Recoverable grant		1,000		1,000	-	-	-	1,000
Loan participation liability		28	-	28	440	-	29	(1)
Escrow funds		1,106	-	1,106	2,397	-54%	119	987
Accounts payable & accrued expenses	299		-	299	225	33%	260	39
Accrued vacation & salary payable	340		-	340	232	46%	250	91
Accrued interest payable		602	28	631	538	17%	628	3
Total current liabilities	640	28,544	28	29,211	22,982	27%	23,653	5,559
DEFERRED RENT LIABILITY	125		-	125	169	-26%	151	(26)
NOTES PAYABLE, Long Term		51,631	6,200	57,831	49,341	17%	54,966	2,864
SUBORDINATED DEBT		600	1,000	1,600	4,200	-62%	4,100	(2,500)
Total liabilities	764	80,774	7,228	88,767	76,692	16%	82,870	5,897
NET ASSETS:								
Unrestricted:								
Operating reserve	4,043		-	4,043	3,169	28%	4,043	-
Permanent lending capital - board designated		4,400	569	4,968	2,285	117%	4,968	(0)
Loan loss reserve - board designated		1,960	252	2,212	6,353	-65%	2,711	(499)
Undesignated unrestricted net assets	(233)		36	(197)	(1,615)	0%	-	(197)
Total unrestricted	3,809	6,359	857	11,025	10,192	8%	11,721	(696)
Temporarily restricted:								
Purpose and time	7,883	7,398	1,451	16,731	10,972	52%	16,993	(261)
Permanent lending capital-donor designated		1,184	4,950	6,134	4,134	48%	6,134	0
Loan loss reserve-donor designated		4,467		4,467	500		3,467	1,000
Total temporarily restricted	7,883	13,048	6,401	27,332	15,606	75%	26,593	739
Total net assets	11,692	19,408	7,257	38,357	25,799	49%	38,315	42
Total liabilities and net assets	**12,457**	**100,182**	**14,486**	**127,124**	**102,491**	**24%**	**121,185**	**5,941**

Statement of Activities

June 30, 2013

	June Actual Results			YTD Actuals vs. YTD Board Approved Budget		YTD Actuals vs. Full-Year Board Approved Budget		Y/Y Growth (%)	
in thousands	**Sustainable Trade Fund**	**Frontier Portfolios**	**Total Root Capital**	**Board Approved Budget through Q2**	**$ Var.**	**2013 Budget**	**Actuals as % of Budget**	**June YTD 2012**	***13 YTD vs 12 YTD***
FINANCE									
Loan interest, net of allow for int losses	2,718	223	2,941	3,474	(534)	7,674	*38%*	3,044	*-3%*
Fees	498	10	508	775	(267)	1,307	*39%*	614	*-17%*
Co-lending services				-	-			6	*-100%*
Gain (loss) on FX lending	(17)	(40)	(57)	-	(57)	-	*n/a*	(4)	*1502%*
Total earned revenue	**3,200**	**193**	**3,392**	**4,249**	**(857)**	**8,980**	***38%***	**3,661**	***-7%***
Portfolio Yield	*11.0%*	*12%*							
Allowance for loan loss	1,640	(129)	1,512	2,375	(863)	3,450	*44%*	2,453	*-38%*
Less: Revenue on recovered loans and guarantees	(71)	(155)	(226)	(146)	(80)	(316)	*71%*	(398)	*-43%*
Provisioning Expense Ratio	*5%*	*-18%*						-	
Interest expense	843	36	879	954	(75)	2,050	*43%*	779	*13%*
Less: Interest and investment income	(18)	(1)	(19)	(19)	0	(34)	*55%*	(152)	*-88%*
Net Funding Expense Ratio	*2.8%*	*2%*						-	
FINANCE operating expense	2,447	769	3,216	3,541	(325)	7,083	*45%*	3,028	*6%*
Operating Expense Ratio	*8.4%*	*49%*						-	
FINANCE surplus / (deficit)	**(1,642)**	**(328)**	**(1,970)**	**(2,455)**	**485**	**(3,252)**	***61%***	**(2,049)**	***-4%***
STF Operational Self Sufficiency	*66%*					*82%*		*66%*	
					-				
ADVISE and CATALYZE					-				
ADVISE operating expense			2,114	2,181	(68)	4,363	*48%*	1,176	*80%*
CATALYZE operating expense			1,317	1,870	(553)	3,740	*35%*	1,021	*29%*
ADVISE and CATALYZE			**3,431**	**4,051**	**(621)**	**8,103**	***42%***	**2,197**	***56%***
					-				
Contributions			**4,705**	5,747	(1,042)	11,430	*41%*	3,434	*37%*
Net Operating Surplus / (Deficit)			**(696)**	**(759)**	**63**	**76**	***-916%***	**(813)**	***-14%***

***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			5,074	**5,074**
T/R revenue released for opex			(4,336)	**(4,336)**
LLR released	1,000		(1,000)	**-**
Change in T/R Net Assets	1,000	-	(261)	**739**

Total Contribution Goal: Budget vs Actual	Actual	Board Approved Budget	Var. %
Unrestricted Operating Contributions	4,705	11,430	41%
PLC and LLR Grants	1,000	3,467	29%
Total	5,705	14,897	38%

Use of Annual Operating Surplus	Actuals	Board Approved Budget	Var. $
Operating Reserve	(197)	777	(974)
Board Designated Loan Loss Reserve	(499)	(1,160)	661
Board Designated PLC	(0)	459	(459)
Operating Surplus	**(696)**	**76**	(772)

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.