Performance Report

Q3 2015

OVERVIEW

Through Q3 2015, Root Capital reached over 505,000 farm families. These families, represented by the 263 enterprises in our portfolio, earned an estimated $930 million for their crops through the quarter, a 15 percent increase from the same time last year. By the end of Q3 2015, our average outstanding balance was $96.4 million, a year-over-year growth of 10 percent.

In 2015, we have seen a confluence of factors affecting portfolio quality and lending activity:

Commodity Price Volatility. As we have diversified our portfolio over the last five years, the concentration of coffee loans in our Sustainable Trade Fund (STF) has fallen by 20 percent. That said, coffee loans still comprised 50 percent of the STF at the end of Q3 and downward price volatility remained a key driver of lower than projected lending results for the quarter. In Q3, coffee prices jumped from highs of $1.66 per pound to lows of $1.43. Though the average price was in line with our internal projections, the timing of downward price fluctuations delayed the contracting decisions of many of our Central American clients as they waited for the market to rebound. The price volatility subsequently delayed the need of clients to draw down pre-harvest loans as expected.

Currency Volatility. While we have been successful at hedging our hard currency exposures, local currency lending conducted in the Frontier Portfolio has been challenging. Readers will recall from last quarter that year-to-date losses on foreign currencies have been higher than anticipated. As the U.S. dollar appreciated throughout the year, it put downward pressure on emerging market currencies, causing Root Capital to incur net year-to-date foreign currency losses of $410,000 across the Sustainable Trade Fund and the Frontier Portfolio (through our hedging strategies we were able to offset the vast majority of the $1.9 million in gross losses). Particularly relevant to this year's performance was our large exposure to Ghanaian Cedi local currency loans where, at certain points during the year, the currency had depreciated as much as 40 percent against the U.S. dollar.

Coffee Leaf Rust. We continue to see lingering, long-term effects of the coffee leaf rust outbreak that occurred in Latin America from 2011 to 2014 and that underscored the very real and immediate consequences of climate change. In Peru, for example, where coffee production fell by nearly 40 percent in the three-year period, even some of the strongest businesses have had great difficulty rebounding from financial losses. As a result of decreased production, lower quality and subsequent higher rates of farmer migration, some of Root Capital's oldest and most established clients are facing serious challenges. In November 2013, we launched the Coffee Farmer Resilience Initiative (CFRI) to equip coffee organizations and their members with tools to confront threats such as coffee leaf rust. To date, we have approved more than $9 million in long-term loans to 11 enterprises. With Root Capital's financing, those clients are helping more than 1,300 vulnerable farmers renew aging and diseased coffee trees with a new and hardier plant stock. However, the crisis has stressed the management and governance capability of numerous producer organizations, and we have had to restructure short-term trade credit loans and, in some cases, make the difficult decision to deselect from certain clients.

Erratic Weather Patterns. A number of recent reports are suggesting that the 2015- 2016 El Niño weather phenomenon will be especially powerful, perhaps the strongest since 1997-1998 (or even 1950). This has major implications for global agriculture. In Central America during Q3, severe drought conditions persisted in parts of Guatemala, Honduras, El Salvador and Nicaragua. Many, including the World Food Programme, are projecting a resulting decline in production in the region for the coming harvest season. El Niño impacts are expected to peak in Q4 or early Q1 2016, coinciding with the primary coffee harvest season for Central America and Mexico, as well as in East Africa and South America, where wetter conditions could lead to material crop loss.

Providing loans and capacity-building services to high-impact agricultural businesses is as challenging as it is important. At Root Capital, our job is to take risks where others have historically shied away so that we can learn to mitigate those risks, and thereby help previously "unbankable" agricultural businesses improve livelihoods for farm families around the world. However, we must do so judiciously, and we constantly measure and monitor our position and exposure through best-in-class risk management practices. Earlier this year, we launched our "Risk Appetite Project" to help us determine the level of risk we are willing to take for a given level of return – economic- and impact-related. From there, we will be able to ensure an appropriate portfolio composition.

These risk factors around price, currency, coffee leaf rust and weather have tested the resilience of Root Capital as much as it has that of our clients. We continue to develop new products, tools and partnerships to better serve our clients. Additionally, through our Risk Appetite Project and myriad lending process and system enhancements, we are confident that we are investing in the improvements needed to continue building a first-rate lending platform.

Portfolio Performance: Sustainable Trade Fund

In Q3, the average outstanding balance of the Sustainable Trade Fund was $86 million, down slightly from the same time last year and ten percent below our targets for the quarter. Quarterly disbursements, at $31.9 million, exceeded projections by eight percent.

Throughout the first half of the year, we tightened credit standards and instituted lower single-client concentration limits in order to mitigate risk emanating from weather, currency and price volatility. This approach has slowed lending growth so that we can better assess and manage rising client risk.

In Latin America, Root Capital had an outstanding balance of $57.5 million in Q3. Though the average portfolio balance was 13 percent below target overall, we saw 15 percent year-over-year growth in Central America and Mexico due to an increase in dried fruits and vegetable loans in Mexico.

In South America, our average portfolio balance for the quarter was $36.7 million, ten percent below target. Lending in coffee was hampered by two main factors: a significant decrease in purchases of Peruvian specialty coffee by leading buyers and massive crop loss from coffee leaf rust, leading to the destabilization of a number of longstanding farmer organizations in Peru. In Q3, we chose not to renew our loans to higher-risk coffee clients and continued measured diversification efforts into new value chains.

In East Africa, our average outstanding balance was $16.6 million, nine percent below target but eight percent above Q3 2014. Lower and more volatile coffee prices affected credit demand in countries like Rwanda and the Democratic Republic of Congo. Disbursements in the region, $5.8 million in Q3, were 35 percent above target.

Our team continues to proceed cautiously with new loan closings in West Africa due to previously reported risk issues associated with the cashew processing sector. As such, disbursements were just half of planned levels at $11.5 million.

Portfolio Performance: Frontier Portfolio

During Q3, the average portfolio balance of the Frontier Portfolio was $10.4 million, 80 percent higher than the same period last year. During the quarter, the Frontier Portfolio continued its focus on local value chain lending and on smaller, high-impact export-oriented clients. However, disbursements for the quarter were $1.7 million, 50 percent below target as we deliberately sought to mitigate foreign exchange risk.

Portfolio Quality

Q3 ended with a Portfolio-at-Risk (PAR) greater than 90 days of 5.8 percent in the Sustainable Trade Fund. The total outstanding balance in PAR over 90 days increased from $4.4 million in Q2 to $4.8 million in Q3. The majority of the downgrades came from clients in South America: $804K from loans to Peruvian coffee clients, and $464K from loans to two Bolivian coffee clients. Coffee leaf rust was a significant factor contributing to nearly 85 percent of the Q3 downgrades in South America. In the Frontier Portfolio, PAR over 90 days was 7.4 percent, in line with our performance expectations. Though the percentage in PAR over 90 days increased slightly from 6.8 percent in Q2, the balance in PAR over 90 days decreased from $660,000 to $616,000.

Readers will recall that we have been restructuring several loans in the cashew sector in West Africa. Due to the cyclicality of the cashew harvest, these businesses are not generating income for the remainder of the year. Though these loans are not in PAR over 90 days, we will be monitoring these clients closely as their season begins again in early 2016.

During the quarter, we wrote off three loans in the Sustainable Trade Fund totaling $1.3 million. In the Frontier Portfolio, we wrote off $259,000. While Root Capital has insufficient experience with enforcement of lender's rights to estimate the realizable value of assets pledged as security, it is our policy when taking collateral to require a 100 percent loan-to-value ratio on a fully discounted asset valuation. We are committed to pursuing legal remedies where available. Root Capital continues to makes its best efforts to collect on all loans that have been written off; across both portfolios in Q3, recoveries, including guarantees, amounted to more than $411,000.

Advisory Services

Given the challenges highlighted earlier, investing in our clients' capacity is important, and our Advisory team is stepping up to meet the challenge. Q3 was our biggest quarter to date, representing 740 days of training across six different topics, from accounting systems to internal credit fund management. Year to date, Root Capital's Advisory team trained 259 enterprises globally, representing 89 percent of the full-year target for clients trained through both on-site interventions and workshops. This amounts to 1,564 days of training this year, a 27 percent increase over the same period last year. The Advisory team also conducted over 25 days of training focused on capacity building within local financial intuitions in Central America.

Catalyze Strategy

Q3 brought an increase in field-building activity related to our Catalyze strategy, especially in Africa and Latin America. Notably, front line lending staff from the Council on Smallholder Agriculture (CSAF) member organizations gathered for the first time in South America to discuss responsible lending principles, share best practices in cooperative governance and evaluate industry-wide risks. This was an important step in putting into practice CSAF's vision to shape an industry of impact-first agricultural lending.

Root Capital staff were also featured presenters at various U.S.-based conferences, including the Clinton Global Initiative and the Aspen Network of Development Entrepreneurs (ANDE) annual conference. In September, Root Capital Senior Vice President Catherine Gill, joined by Iliana Martinez, the general manager Root Capital client Cooperativa Esquipulas, participated in the Global Women's Network Summit at the George W. Bush Presidential Center. During their plenary panel, The Power of Public Private Partnerships: Collaborating to Improve the Lives of Women and Girls, Catherine and Iliana discussed how Root Capital has successfully collaborated with leading private and public sector players to provide economic opportunities for women in agriculture around the world.

In August, CEO Willy Foote, Director of Strategy & Impact Mike McCreless and Senior Vice President of Strategy, Advisory & Innovation Brian Milder, published a response to the Stanford Social Innovation Review article entitled "A Coming of Age for Impact Investing" about a recent report by the GIIN and Cambridge Associates. Also in Q3, Root Capital garnered significant media attention, ranging from a story on gender lens investing in the New York Times, to a feature story in Harvard Magazine on Root Capital's approach to impact evaluation.

Q3 2015 DASHBOARD*

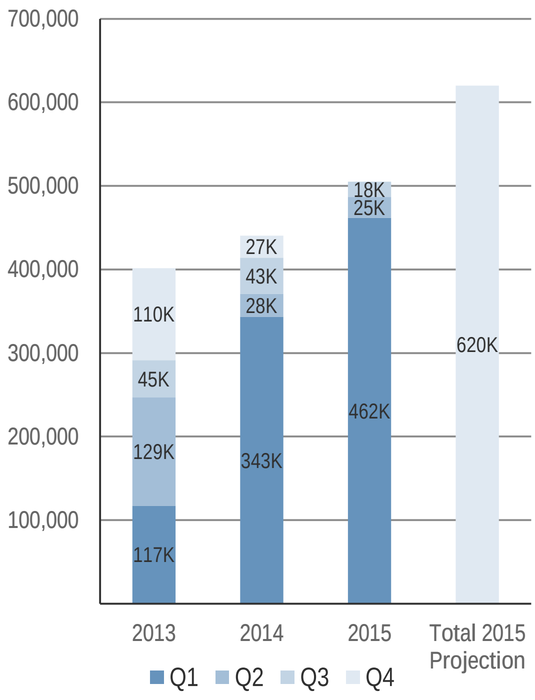
Metric	Result	Target	Results as % of Target	Page
Social and Environmental Metrics				
Number of Producers Reached	539K	920K for 2015	59%	
Producers supplying enterprise	505K	620K for 2015	81%	7
Producers buying inputs	34K	300K for 2015	11%	7
Purchases from Producers	$930M	$1.2B for 2015	80%	7
Total Revenue of Rural SGBs	$1.12.B	$1.4B for 2015	81%	8
Sustainable Hectares under Management	511K	785K for 2015	65%	8
Lending Program				
Loan Disbursements	$111.1M	$119.7M through Q3	93%	
Sustainable Trade Fund	$104.0M	$108.3M through Q3	96%	9
Frontier Portfolios	$7.1M	$11.4M through Q3	62%	14
Average Outstanding Portfolio Balance	$96M	$106.7M for Q3	90%	
Sustainable Trade Fund	$86.0M	$96M for Q3	90%	9
Frontier Portfolios	$10.4M	$10.7M for Q3	97%	14
Number of Clients Reached	247			
Sustainable Trade Fund	204			11
Frontier Portfolios	43			16
Average Outstanding Balance per Active Loan				
Sustainable Trade Fund	$379K			11
Frontier Portfolios	$141K			16
Portfolio-at-Risk Over 90 Days**	5.9%			
Sustainable Trade Fund	5.8%			12
Frontier Portfolios	7.4%			17
Net Write-off Ratio***	5.1%	3.6% for 2015	142%	
Sustainable Trade Fund	4.9%	3.3% for 2015	148%	12
Frontier Portfolios	7.0%	7.2% for 2015	97%	17
Financial Advisory Services (FAS)				
Number of Groups Served by FAS	259	291 for 2015	89%	19
Days of Training Delivered	1605	2,505 for 2015	64%	19
Catalyze Program				
Overview of Catalyze Program	See page 20 for discussion of Catalyze Program			
Operating Results**				
Total Operating Expense	$11.4M	$12.9M through 2015	89%	24
Debt to Equity	4.2	through Q3	104%	22
Capital Utilization	84%	89% through Q3	94%	22
Fundraising Results				
Outstanding Debt Balance	$97M			23
Contributions Raised for 2015	$10.05M	$13M for 2015	77%	23

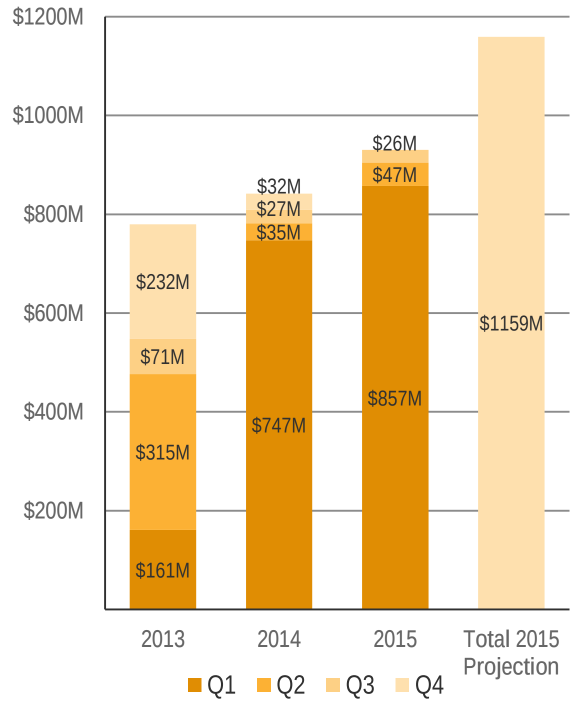
**All figures are representative of total cross-portfolio performance unless otherwise specified*

***Figures represent performance at end of quarter*

**** Prior to Q1 2015, "Net Write-Off Ratio" was reported as "Loan Loss Ratio." This is a change in nomenclature only; the ratio calculation has not changed. This calculation is a trailing 12-month figure representing the previous 12 months' write-offs, net of recovered funds, as a percentage of the average outstanding balance during the same period. We feel the change in metric nomenclature more appropriately reflects the composition of this metric.*

SOCIAL AND ENVIRONMENTAL METRICS

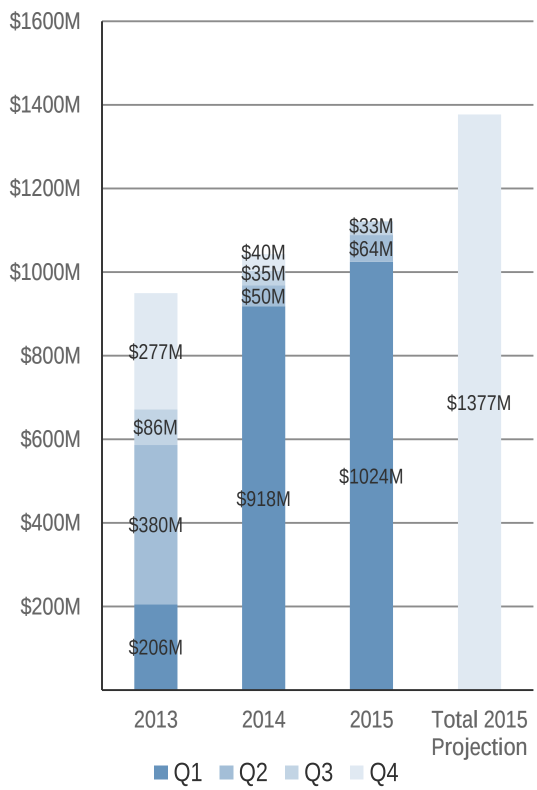




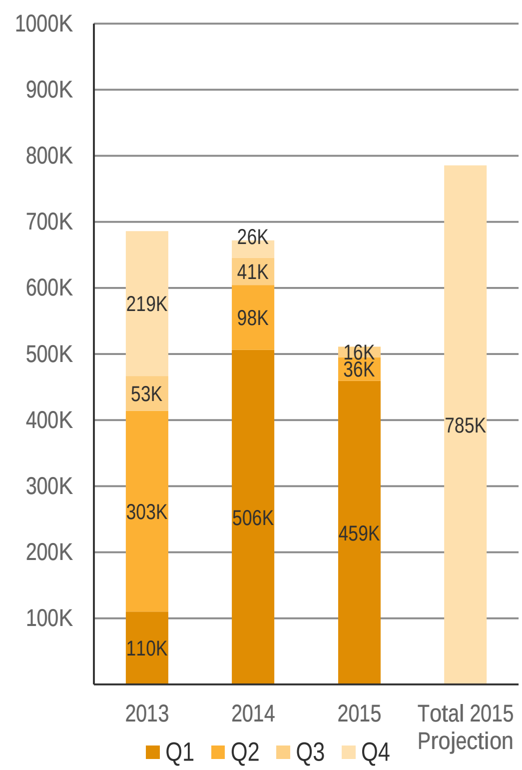
- Through Q3 2015, we reached 263 businesses that collectively sourced from 505K producers. While we reached the same number of businesses through Q3 in 2014, businesses reached this year had larger producer bases averaging 2K producers per business.
- Through Q3 2015, we reached an additional 34K non-supplier producers who bought inputs such as drought-resistant seed inputs or post-harvest handling services from the enterprise. These numbers are not included in the chart above, which only represents producers selling to the enterprise.
- Of all the producers supplying to the enterprises Root Capital financed through Q3 2015, 171K, or 34%, were women.

- "Purchases from producers" is the total dollar amount that our client enterprises paid to producers.
- Clients reached through Q3 2015 purchased an estimated $930M of agricultural product from producers, which is 15% higher than in the same time period last year.
- The median payment per producer through Q3 2015 was $2K.

Total Revenue of Rural SGBs (through Q3)



Sustainable Hectares Under Management (through Q3)



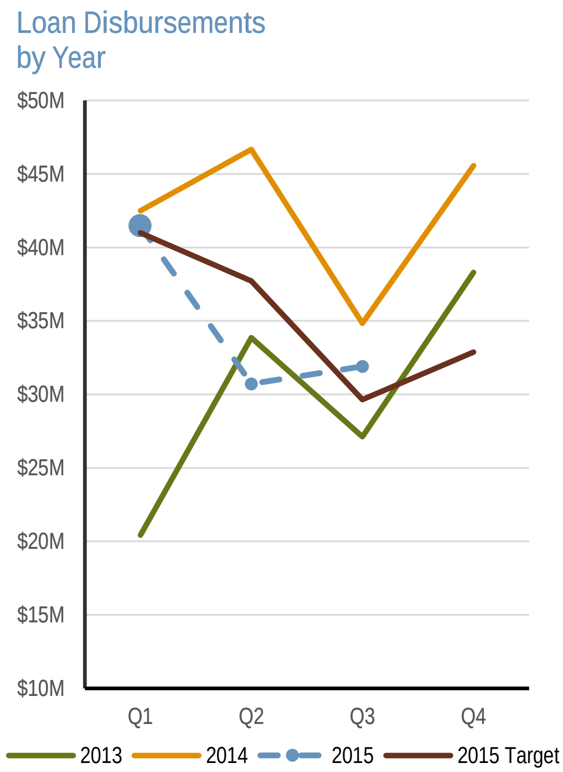
- Clients reached through Q3 2015 generated an estimated $1.1B in total revenue, which was 12% higher than in the same time period last year. Although revenue for the average client was $4.3M, this figure was upwardly distorted by approximately 10% of larger-scale businesses (who nevertheless source from smallholder farmers) with revenues over $10M; the median revenue per enterprise was $1.3M.

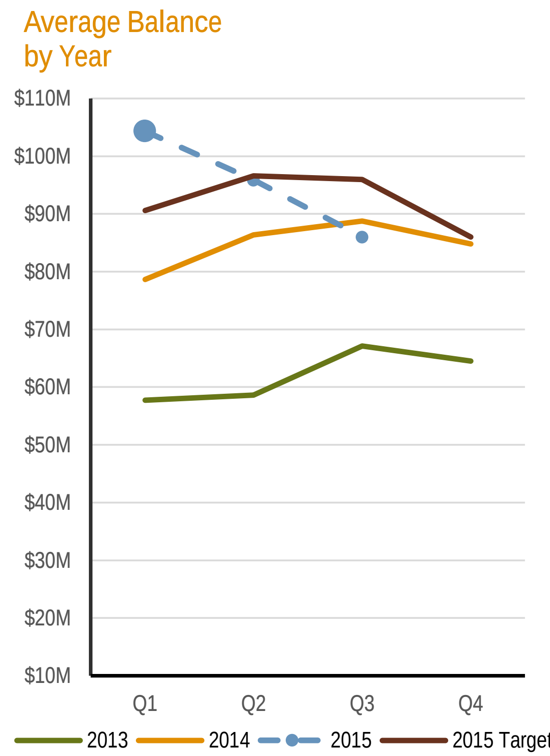
- Through Q3 2015, client enterprises represented an estimated 511K hectares of sustainably managed agroforestry and agricultural lands, with an average of 1.5 hectares per producer.

Note: We 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 2015, we surpassed the 2014 total for number of producers supplying to the enterprise because we reached two disproportionately large clients who we consider outliers, having never before reached businesses of that size. The client in Central America reported $300M in revenue and 35K producers; the client in East Africa reported $6M in revenue and 85K producers. In last year's QPR, we did not include their social metrics against the annual projections because they diverged too significantly from historical averages. However, we decided to factor their social metrics into the calculation of the 2015 projections because, after financing them in 2014, we had more visibility into the likelihood of these clients remaining in our portfolio.

SUSTAINABLE TRADE FUND

Portfolio Performance

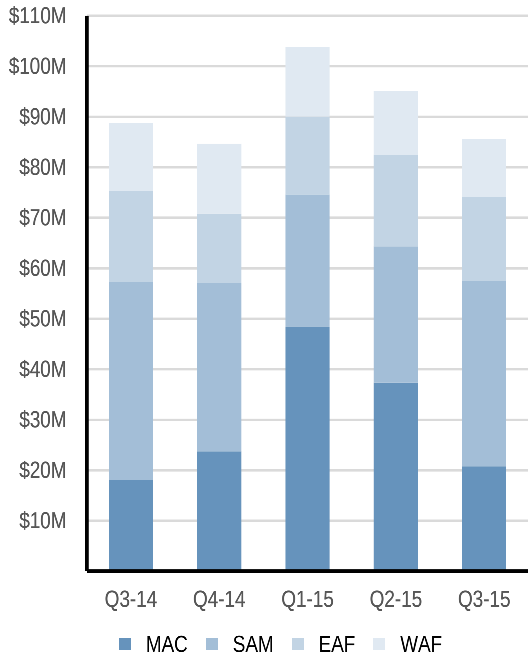




- Cumulative disbursements in the STF for 2015 through Q3 were $104M, 16% below target and 4% below last year as we concentrated on serving lower-risk clients.
- Third-quarter disbursements of $31.9M were modestly ahead of plan.
- During the third quarter, disbursements were strongest in South America, at $20.2M, 43% above target, driven by harvest-season coffee loans. Year-to-date disbursements ($47.8M) were 2% above last year due to growth in non-coffee industries.
- East African disbursements of $5.8M in Q3 exceeded targets by 35% on the strength of coffee and cocoa loans in Uganda.
- Q3 disbursements in Central America ($5.3M) and West Africa ($400K), however, lagged forecasts by 27% and 88%, respectively. Central American pre-harvest disbursement activity was delayed due to lower and more volatile coffee prices, as well as by localized severe drought. West African disbursements declined as the team sought to control risk in the region.

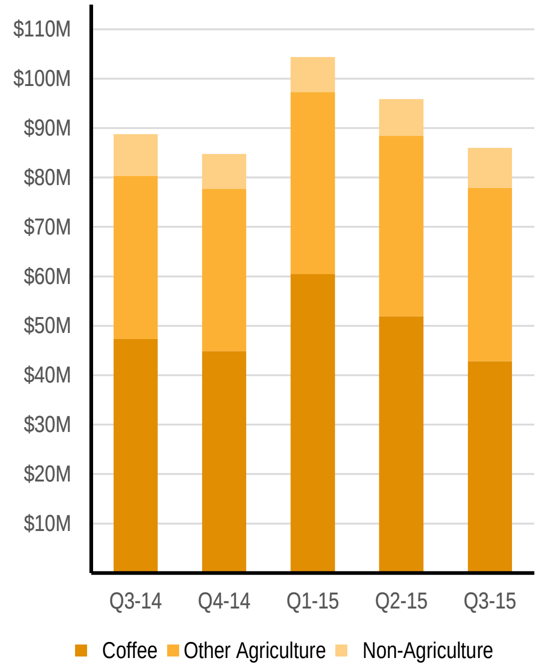
- At the end of Q3, the outstanding balance was $86.0M, $10M (10.4%) below target, contracting 3.1% year over year.
- Each region fell short of annual planned targets, with the exception of West Africa, which was in line with plans.

Average Balance by Region (Trailing 5-Quarters)



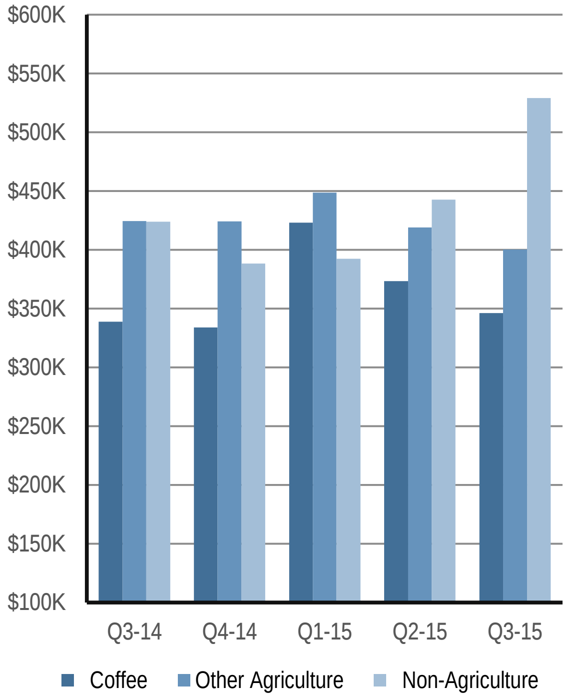
- South America had an average balance of $36.7M for the third quarter, 10% short of target, contracting 6% year over year.
- Central America had an average balance of $20.8M for the quarter, 13% below target, but growing 15% year over year. Coffee weighed on results throughout the region, with an average balance 24% below target during Q3 ($12.3M versus $16.2M).
- East Africa's $16.6M average balance for Q3 was 9% below target, but grew 8% year over year.
- The West African portion of the STF averaged $11.5M during the third quarter, shrinking 15% year over year. The slowdown was in line with plans as the team sought to control risk in the region.

Average Balance by Industry (Trailing 5-Quarter)



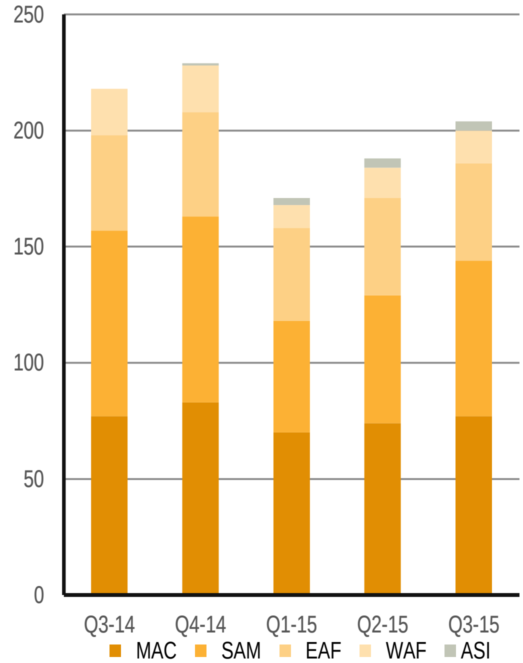
- Coffee remains the largest industry in the STF, accounting for 50%, or $42.8M, of the portfolio balance. This is down from 54% of the portfolio during Q3 2014.
- Loans to businesses in Industries classified as "Other Agriculture'" (i.e., non-coffee agriculture) comprised41% of the portfolio during Q3, led by cashews ($6.9M), cocoa ($6.3M) and vegetables ($2.5M.)
- The Non-Agriculture sector consists of loans to industries such as aquaculture, handcrafts and local financial institutions that make microloans to farmers. This portfolio represents $8.1M outstanding, or 9% of the portfolio.

Average Outstanding Balance per Active Loan



- The average balance per active loan increased slightly to $379K during Q3 2015 from $374K in Q3 2014.
- The average loan size in Non-Agriculture loans outstanding (just 9% of the portfolio) increased to $529K in Q3 2015. This represented a 25% year-over-year increase as several smaller loans, with an average outstanding balance of $78K, exited the portfolio.

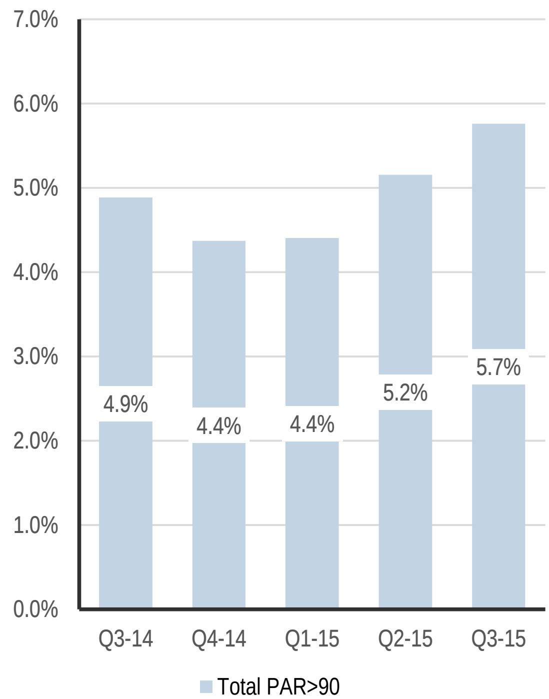
Number of Clients Reached by Region



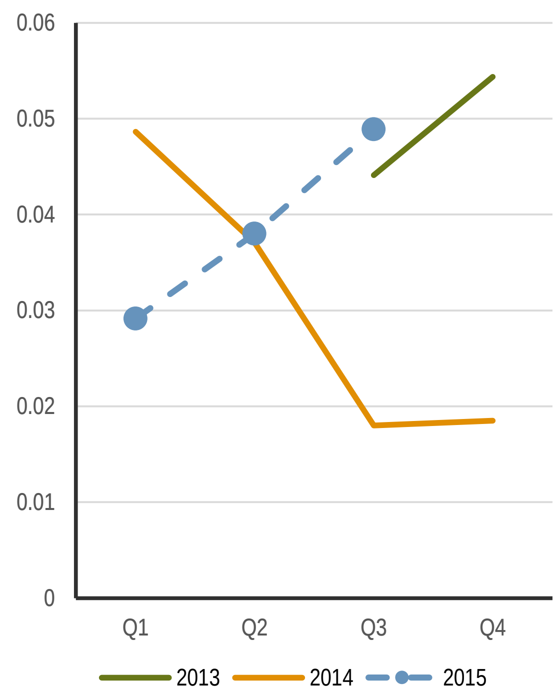
- Root Capital considers a client "reached" if it had an outstanding balance at any point in the quarter and was not at risk as of quarter end.
- Root Capital reached 204 clients through Q3 2015, a decrease of 6% from the 218 clients reached during the same period last year.
- The number of clients reached in Central America, 77, was flat with last year's total through Q3.
- In South America, we reached 67 clients, with 16% fewer clients through Q3 of 2015 relative to 2014.
- Our East African lending activity reached one more client than last year at this time, for a total of 42.
- Fourteen clients were reached in West Africa through Q3, 30% fewer than reached through Q3 2014.
- We reached 4 clients through Q3 2015 in our new Indonesia program, launched in the fourth quarter of 2014.

Portfolio Quality

Portfolio at Risk > 90 Days



Net Writeoff Ratio (Trailing 12-Month Average)



- The Portfolio at Risk (PAR) over 90 days ratio was 5.8% at the end of Q3, up from 5.2% at the end of Q2, and 4.9% at Q3 2014. The total outstanding balance at risk increased 7% between June and September to $4.8M.
- During the third quarter, we wrote off $1.3M in loans from the PAR>90 category, but $2.0M in loans to eight clients were downgraded into PAR>90 during the quarter.
- $1.3M of the downgrades came from South America: $804K in loans to Peruvian coffee clients and $464K in loans to coffee clients in Bolivia. Of the $1.3M in downgraded loans, $1.0M was downgraded due to issues related to coffee leaf rust.
- $716K of downgrades into PAR>90 came from East Africa, all from loans to clients in Uganda in maize, coffee and vanilla.

- The Net Write-off Ratio increased from 3.8% at the end of Q2 to 4.9% at the end of Q3.
- During the quarter, we wrote off $1.3M of loans: $0.8M in Peruvian cocoa and $0.5M in Ghanaian shea, offset by $90K of recoveries

Sustainable Trade Fund Financial Results & Analysis

Statement of Activities All numbers in thousands	Sustainable Trade Fund YTD Results	YTD Target	Variance (%)	2014 YTD Results	Yr/Yr Growth
Loan Interest and Fees	7,862	7,991	-2%	7,014	12%
Gain (loss) on FX Lending	(139)			(18)	683%
Interest & Fee Revenue	7,723	7,991	-3%	6,997	10%
Portfolio Yield	10.8%	11.3%		11.0%	
Net Interest Expense	1,814	1,589	14%	1,370	32%
Net Funding Expense Ratio	2.5%	2.2%		2.2%	
Net Interest & Fee Revenue	5,909	6,402	-8%	5,626	5%
Net Earned Revenue Ratio	8.3%	9.0%		8.9%	
Provisioning Expense	3,554	2,125	67%	1,881	89%
Provisioning Expense Ratio	5.0%	3.0%		3.0%	
Net Revenue after Provisioning	2,355	4,277	-45%	3,746	-37%
Net Revenue Ratio after Provisioning	3.3%	6.0%		5.9%	
Operating Expense	3,997	4,654	-14%	4,082	-2%
Operating Expense Ratio	5.6%	6.6%		6.4%	
Surplus / (Deficit)	(1,642)	(377)	335%	(336)	388%
Operational Self Sufficiency (OSS)	82%			95%	

NET EARNED REVENUE

Year to date, interest and fees fell just short of target by $0.1M. The STF YTD average portfolio balance of $95.3M was 13% higher than the same period in 2014 due to the strong Q1 lending performance, and portfolio yield remained healthy at of 10.5%, though it was lower than expected.

INTEREST EXPENSE & INTEREST EARNED ON CASH AND INVESTMENTS

Year to date net interest expense was $225K higher than projected due to higher-than-anticipated debt balances as we took on short-term lines of credit in the first half of the year to accommodate higher lending capital needs.

NET PROVISIONING EXPENSE

Year to date provisioning of $3.5M was 67% above our provisioning target at the close of Q3 due to the previously-discussed credit downgrades in Q3 combined with adverse credit quality in Q1. Year-to-date net provisioning is 89% higher than during the same period of 2014.

LENDING PROGRAM OPERATING EXPENSE

Through Q3, STF operating expenses were $4M, 14% below target, primarily driven by a well-controlled headcount and reduced travel costs.

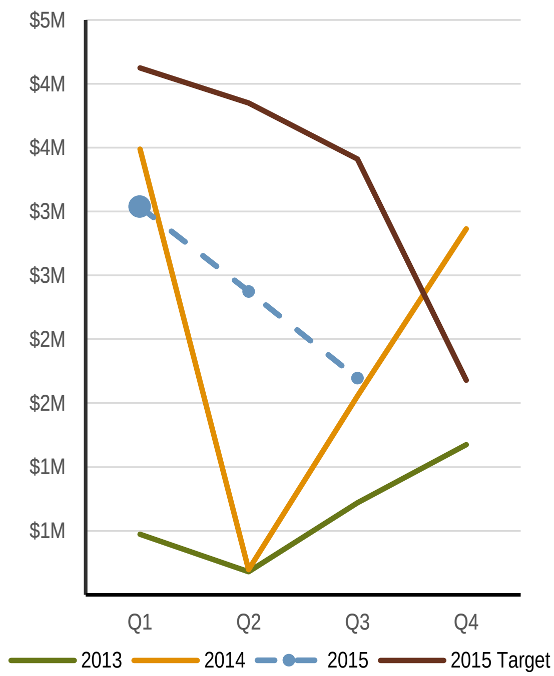
OPERATIONAL SELF-SUFFICIENCY

Operational Self Sufficiency (OSS) was 82% through Q3 versus a full-year target of 88% and 95% in 2014 through Q3. Relative to the first three quarters of 2014, we had an improved operating expense ratio (5.6% versus 6.2%), but this improvement was more than offset by deterioration in provisioning expense and a lower portfolio yield (10.5% versus 10.7%).

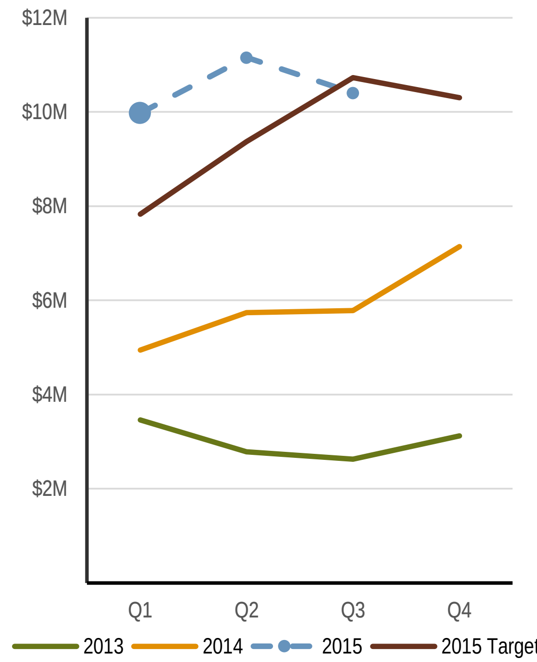
FRONTIER PORTFOLIO

Portfolio Performance

Loan Disbursements
by Year



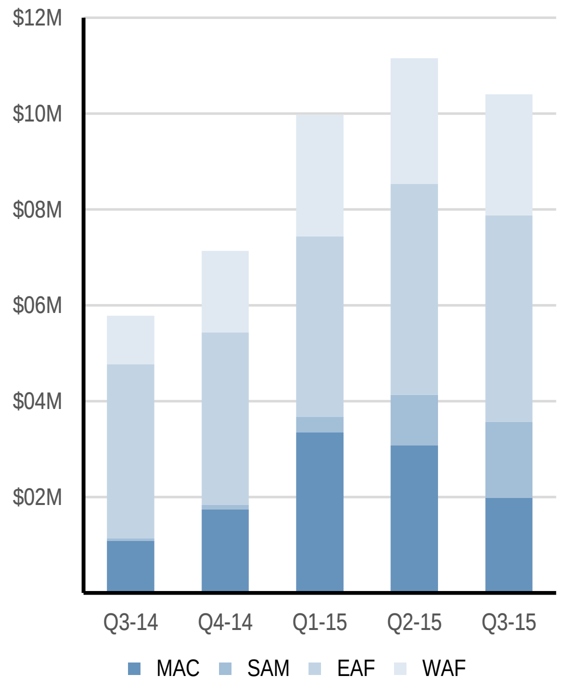
Average Balance
by Year



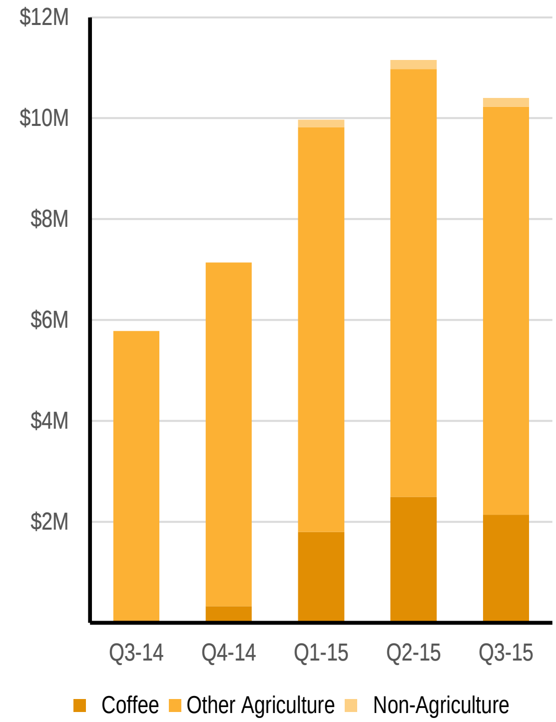
- Frontier Portfolio disbursements were reduced in Q3 relative to our initial annual plan as we concentrated on lower-risk clients. Quarterly disbursements grew 9% year over year to $1.7M, but fell 50% below targets. Year-to-date disbursements of $7.1M are slightly below target.
- As we concentrated on risk and priced higher-risk loans accordingly, another social lender began offering low-cost local currency loans, negatively impacting our ability to compete for local value chain financing.
- The only region ahead of disbursement targets was Central America, where we accelerated lending to smaller and high-impact coffee clients.

- The global Frontier average portfolio balance was $10.4M during Q3 2015, growing 80% year over year, and coming in 3% behind the target balance.
- Significant portfolio growth in coffee and cocoa (up $1.2M and $0.2M year over year, respectively) offset slower-than-expected growth in low- and high-perishable agriculture, which grew $1.9M and $0.2M respectively versus initially-planned growth of $3.1M and $0.8M.
- In addition, drag from currency depreciation in the 68% of the portfolio denominated in local currencies proved to be a headwind against achieving planned balance and disbursement targets, denominated in USD and set in Q4 of 2014.

Average Balance by Region (Trailing 5-Quarters)



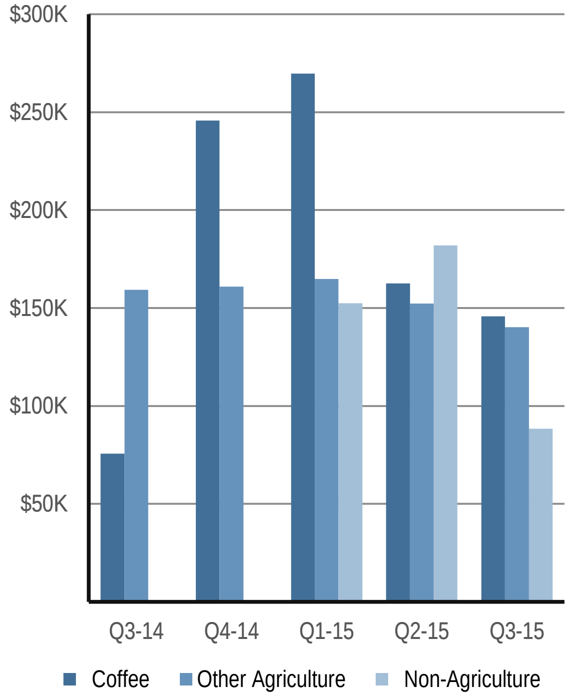
Average Balance by Industry (Trailing 5-Quarter)



- Central America and South America achieved the most significant year-over-year growth on the strength of smaller and high-impact coffee and cocoa loans, and average balances grew year-over-year in each of the Frontier Portfolios' four regions.

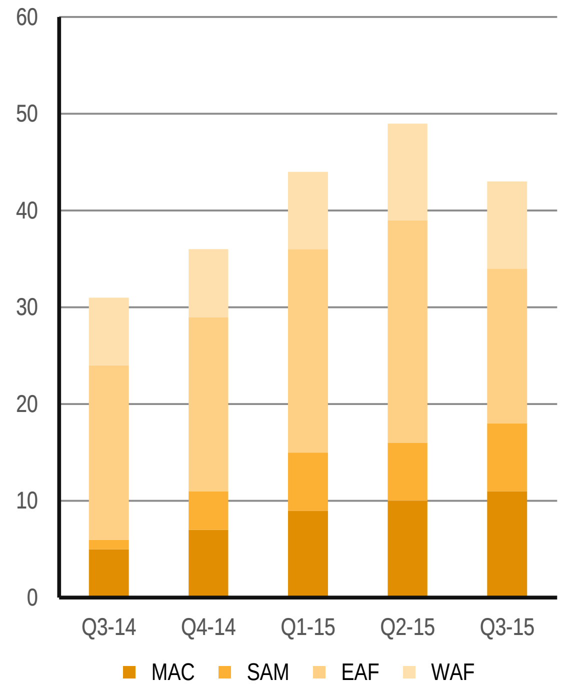
- The three largest industries in the Frontier Portfolio during Q3 were coffee (21%), sorghum (14%) and soy (12%).
- Over the past 12 months, we have begun lending to smaller and especially high-impact coffee clients in the Frontier Portfolio as a complement to our well-established coffee lending program in the STF. Within the Frontier Portfolio, coffee balances have grown from $50K to $2.1M over the past year.

Average Outstanding Balance per Active Loan



- The average loan size per active client in the Frontier Portfolio was $141K during Q3, down from $158K during Q3 2014.

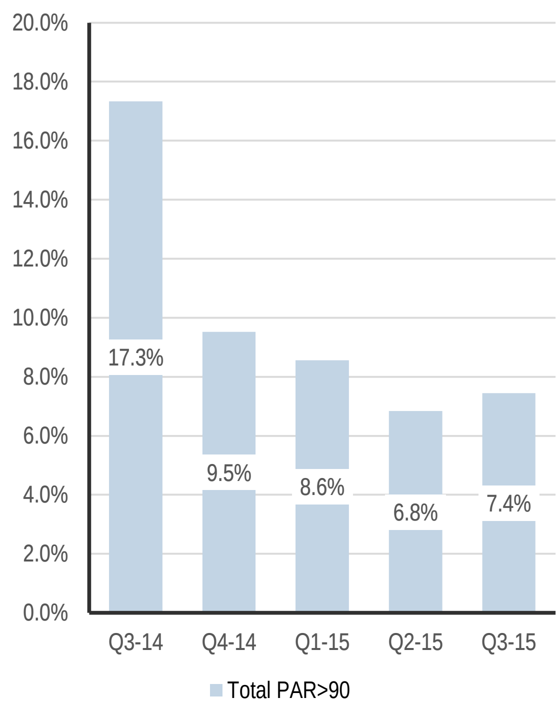
Number of Clients Reached by Region



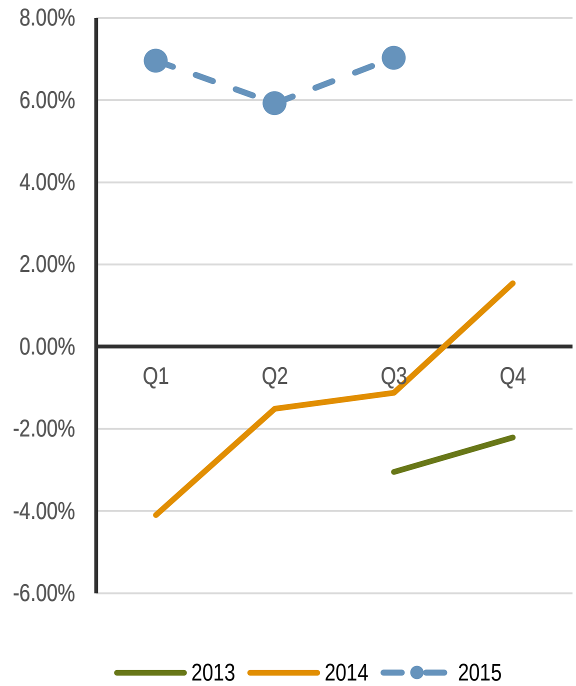
- Clients reached through the Frontier Portfolio increased 30% year over year to 43 clients through Q3 2015.
- Despite year-over-year declines, East Africa still reached the most clients in the Frontier Portfolio, at 16.
- Central America clients reached increased from five to 11 over the past year.
- West Africa added two active clients for a total of nine.
- South America saw significant active client growth through the last four quarters as its active client count increased from one to seven.

Portfolio Quality

Portfolio at Risk > 90 Days



Net Writeoff Ratio (Trailing 12-Month Average)



- At the end of Q3, PAR over 90 days in the Frontier Portfolios was 7.4% relative to 6.8% at the end of Q2 and 17.3% at Q3 2014.
- During Q3 2015, the balance classified in PAR>90 days decreased from $660K to $616K.
- Write offs of two Tanzanian loans for $223K reduced the PAR>90 balance during Q3.
- Two Tanzanian sunflower oil loans amounting to $202K entered PAR>90 during Q3.

- The trailing 12-month write-off ratio remained elevated at 7.0% during Q3 as two loans in Tanzania for $223K and one Kenyan maize loan for $37K were written off during the quarter.
- Write offs were also partially offset by $4K of recoveries received from loans that were written off in previous quarters.

Frontier Portfolio Financial Results & Analysis

Statement of Activities All numbers in thousands	Frontier Portfolio				
	YTD Results	YTD Target[1]	Variance (%)	2014 YTD	Yr./Yr. Growth
Loan Interest and Fees	1,141			595	92%
Gain (loss) on FX Lending	(1,069)			(442)	142%
Currency Reserve Revenue	169			0	
Interest & Fee Revenue	**241**	**674**	**-64%**	**153**	**58%**
Portfolio Yield	**3.1%**	**9.6%**		**3.7%**	
Net Interest Expense	68	44	56%	22	210%
Net Funding Expense Ratio	0.9%	0.6%		0.5%	
Net Interest & Fee Revenue	**173**	**631**	**-73%**	**131**	**32%**
Net Earned Revenue Ratio	**2.2%**	**9.0%**		**3.2%**	
Provisioning Expense	432	353	22%	437	-1%
Provisioning Expense Ratio	5.5%	5.0%		10.6%	
Net Revenue after Provisioning	**(259)**	**278**	**-193%**	**(306)**	**-15%**
Net Revenue Ratio after Provisioning	**-3.3%**	**4.0%**		**-7.4%**	
Operating Expense	1,394	1,627	-14%	1,099	27%
Operating Expense Ratio	17.7%	23.3%		26.7%	
Surplus / (Deficit)	**(1,653)**	**(1,349)**	**23%**	**(1,404)**	**18%**

NET EARNED REVENUE

Through Q3 2015, total interest and fee revenue in the Frontier Portfolios was $241K, 64% below target, as foreign exchange losses offset $900K of loan interest and fees. Net of FX, portfolio revenue would have significantly outperformed targets. As the U.S. Dollar appreciated this year, it put significant pressure on the value of frontier market currencies, causing the 68% of our portfolio denominated in local currencies to lose value when measured in dollars as opposed to local currencies. We implemented foreign currency hedges, established local currency premium pricing, re-evaluated our local value chain exposures and raised a currency reserve this year to help mitigate future currency losses.

ALLOWANCE FOR LOAN LOSS EXPENSE

Net provisioning of $432K exceeded plan by 22% YTD, but was less than the $437K recorded in the first three quarters of 2014 despite a significantly larger 2015 portfolio. The variance in provisioning versus plan was primarily driven by first-half credit deterioration combined with additional provisioning taken in conjunction with the previously-discussed write offs and downgrades during Q3, offset by the aforementioned recoveries and guarantees.

INTEREST EXPENSE & INTEREST EARNED ON CASH AND INVESTMENTS

Through Q3, we incurred net interest expense of $68K in the Frontier Portfolios, significantly less than our cost of funds in STF, as the Frontier Portfolios are financed through a combination of grant-funded net assets and lower-cost debt, while the STF is predominantly debt-funded.

LENDING PROGRAM OPERATING EXPENSE

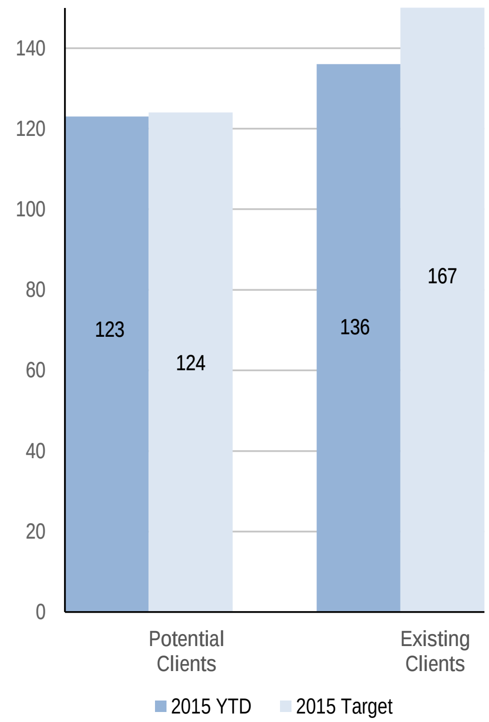
Operating expenses of $1.4M were 14% below budget, driven by well-controlled personnel and travel expenses.

FRONTIER PORTFOLIO OPERATING DEFICIT

Despite savings in operating expenses and higher-than-projected interest and fee revenue, losses on FX lending drove a YTD deficit of $1.7M, $304K (23%) higher than expected.

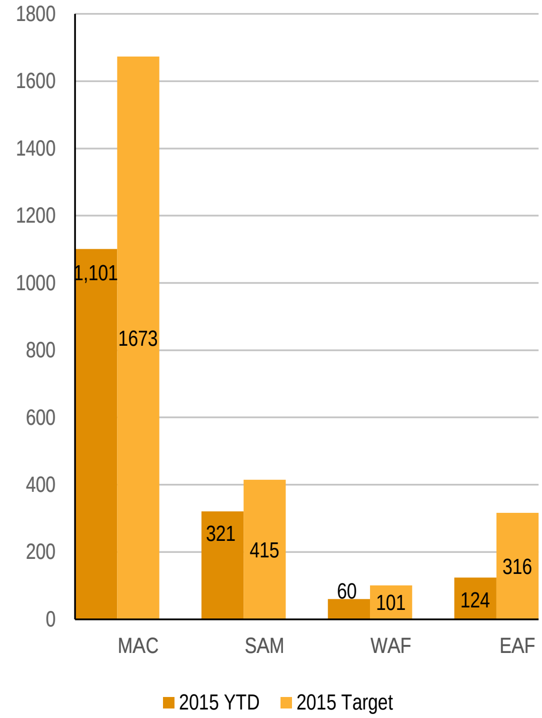
ADVISORY SERVICES

Groups Served by Financial Advisory Services (through Q3)



- Through the third quarter, the Advisory team reached 259 rural businesses through a combination of financial training, agronomic assistance, loan application support and ICT/mobile engagement provided to credit applicants. More than half the businesses trained were also active Root Capital borrowers, reflecting growing emphasis on strengthening the current portfolio and managing risk.
- Q3 was our biggest quarter to date, representing 740 days of training across six different topics.
- Earlier this year we launched the Advisory Performance Management Initiative to ensure efficient, high-quality service delivery and to track Advisory outcomes with a larger suite of tools. Baseline measurements accompanied all onsite engagements year-to date, a d mid-term data will be collected beginning Q1 2016.

Days of Training Delivered by Financial Advisory Services (through Q3)



- The Advisory program has shown significant growth and Q3 was no exception, up 27% over Q3 2014 in the amount of activity.
- We also conducted over 25 days of consulting year-to-date with local financial institutions in MAC related to best practices in underwriting for the agricultural sector.
- The program now stands at roughly 64% of full-year targets. Q4 will bring a spike in activity due to the influence of harvest cycles on client availability. The Q4 work plan includes more than 800 days of onsite consulting and nearly 50 days of centralized training globally.
- Through the mobile pilot, we are working with six select clients in Latin America this year to digitize the collection of certification data related to social and environmental performance, yields and harvest collection with plans to expand to 21 businesses next year.

CATALYZE PROGRAM PERFORMANCE

PUBLICATIONS

- In August, CEO Willy Foote, Director of Strategy & Impact Mike McCreless and Senior Vice President of Strategy, Advisory & Innovation Brian Milder, published a response on Stanford Social Innovation Review to the recent report by the GIIN and Cambridge Associates, "A Coming of Age for Impact Investing."
- In August, Root Capital was mentioned in "With an Eye to Impact, Investing Through a 'Gender Lens'" in the New York Times.
- In September, Root Capital, and in particular Root Capital's approach to impact evaluation, was featured in "Measuring Impact in the "Missing Middle" in Harvard Magazine.

FIELD BUILDING AND THOUGHT LEADERSHIP

- In September, CEO Willy Foote attended the launch of the Global Campaign for the Alliance for Artisan Enterprise, led by Root Capital Board Director Peggy Clark, convened by the U.S. Department of State and the Aspen Institute's Alliance for Artisan Enterprise. Willy joined senior executives from OPIC, The Bridge Fund, Women's World Banking and Kiva for a panel discussion on "Bridging the Finance Gap: Innovations for Artisans," exploring how innovative partnerships and impact investing can build financial access for small-scale artisans.

- Root Capital was honored to attend the Clinton Global Initiative in New York at the end of September, represented by Willy Foote, Senior Vice President Liam Brody and Director of Investor Relations Ben Schmerler.

- As part of the Aspen Network of Development Entrepreneurs (ANDE) annual conference, Willy Foote participated as a panelist on the topic of "Exits in Impact Investing" alongside senior staff from Anthos Asset Management and Small Enterprise Assistance Funds (SEAF). Panelists discussed what a successful exit in the impact space looks like, new research in this arena and the different opportunities associated with different types of exits.

- Also at the ANDE annual conference, Senior Vice President of Strategy, Advisory & Innovation Brian Milder participated in a panel discussion called "Innovations in Impact Measurement" along with Sasha Dichter of Acumen Fund and moderated by Julie Peachey of Grameen Foundation.

- In July, Senior Vice President Investor Relations and Operations Catherine Gill, was a featured speaker on a webinar hosted by Stanford Social Innovation Review (SSIR) with the title "Impact Investing with a Gender Lens - The Rise of Gender Capitalism."

- In September, Catherine Gill was on a plenary panel entitled "The Power of Public Private Partnerships: Collaborating to Improve the Lives of Women and Girls" along with Iliana Martinez, general manager of Cooperative Esquipulas, a Root Capital client. The panel took place as part of the 2015 Global Women's Network at the Bush Center in Dallas, Texas.

- Elizabeth Teague, Senior Associate for Environmental Performance, presented at an Innovations for Poverty Action (IPA) event focused on "right-sized" monitoring and evaluation.

- Scott Overdyke, Senior Program & Planning Manager, spoke on a plenary panel on gender and youth at the African Green Revolution Forum (AGRF) in Lusaka, Zambia for an audience of 400 African agricultural professionals and policymakers.

- Matt Sparkes, Corporate Counsel, participated in a roundtable entitled "Agribusiness Development and Smallholder Commercialization" at a conference in London presented by the Department for International Development and hosted by DFID Director General David Kennedy.

- ACCDER - General Manager Daniel Rivera, Director of Lending William Portilla, Vice President, Latin America Jerónimo Bollen and Corporate Counsel Matt Sparkes joined representatives of OIKO, Shared Interest, Rabo Rural Fund and responsAbility on the first Council on Smallholder Agricultural Finance (CSAF) regional meeting in Lima, Peru.

- Lubna Elia, Senior Director of Governance, Risk Management & Compliance, presented on the panel entitled “The Future of Governance, Risk & Compliance” at the Compliance & Regulation Summit in Boston, MA for an audience of 120 attendees from a wide range of private sector firms.

FINANCIAL RESULTS

Balance Sheet Highlights & Key Ratios

We continue to maintain a strong balance sheet by maintaining adequate leverage limits, putting available cash to work in our loan portfolios and by structuring flexible, reasonably-priced sources of funds.

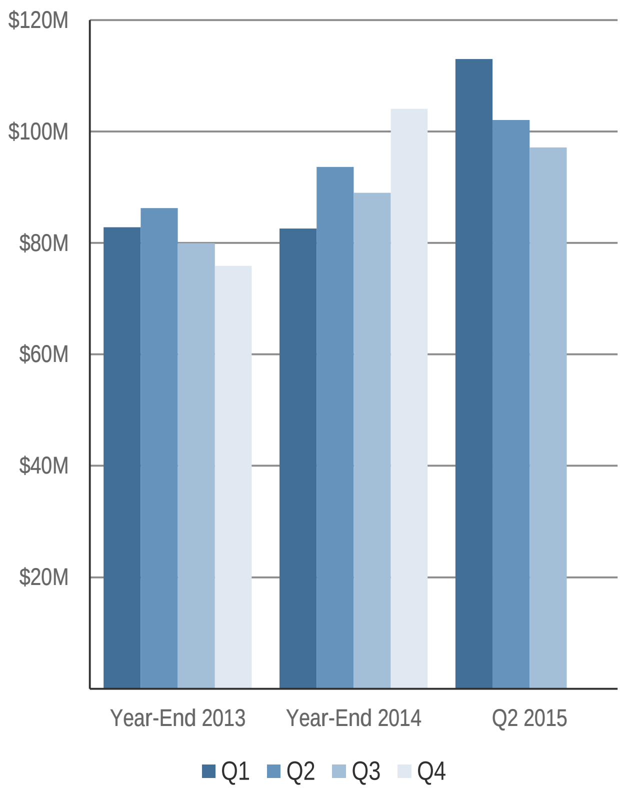
- We maintain a robust lending capital base of $23M against debt of $97M for a debt-to-equity ratio of 4.21.
- Capital utilization is 84% at current loan balances, with room for portfolio growth as we enter the Central American coffee harvest season. We are slightly behind targeted utilization as we have seen some modest delays in lending activity, although we anticipate increased lending in Q4.
- Purpose and time restricted net assets, which fund future operations when certain programmatic goals or time milestones are reached, are 55% below last year's level on a GAAP basis. However, Root Capital holds an additional $2.8M in contingent net assets off the balance sheet, which will be available to fund future operating needs as we meet certain conditions. Including these assets, the total temporarily restricted and contingent net asset balance stands at$7.6M, 29% below last year's level.

Balance Sheet Highlights All numbers in thousands	9/30/2015 Actual	9/30/2015 Target	Variance (%)	9/30/2014 Results	Yr/Yr Growth
Cash and Short-Term Investments	31,331	29,168	7%	29,151	7%
Total Loans Receivable	91,108	101,120	-10%	88,938	2%
Less: Allowance for Credit Losses	(4,866)	(2,915)	67%	(3,798)	28%
Loans Receivable (net)	86,242	98,205	-12%	85,140	1%
Grants Receivable	5,710	10,676	-47%	9,125	-37%
Other Assets	5,648	4,982	13%	4,677	21%
Total Assets	**128,931**	**143,032**	**-10%**	**128,094**	**1%**
Total Debt	97,133	102,567	-5%	89,185	9%
Other Liabilities	3,955	4,307	-8%	3,865	2%
Total Liabilities	**101,088**	**106,874**	**-5%**	**93,050**	**9%**
Lending Net Assets & Op Reserve	23,047	25,481	-10%	24,368	-5%
T/R Net Assets (Purpose & Time)	4,795	10,676	-55%	10,676	-55%
Total Net Assets	**27,842**	**36,158**	**-23%**	**35,044**	**-21%**
Total Liabilities & Net Assets	**128,931**	**143,032**	**-10%**	**128,094**	**1%**

Key Financial Ratios	9/30/2015 Actual	9/30/2015 Target	Variance	9/30/2014 Results	Yr/Yr Growth
Debt-to-Equity Ratio	4.21	4.03	+ 18 bps	3.66	+ 55 bps
Capital Utilization	84%	89%	- 530 bps	88%	- 370 bps

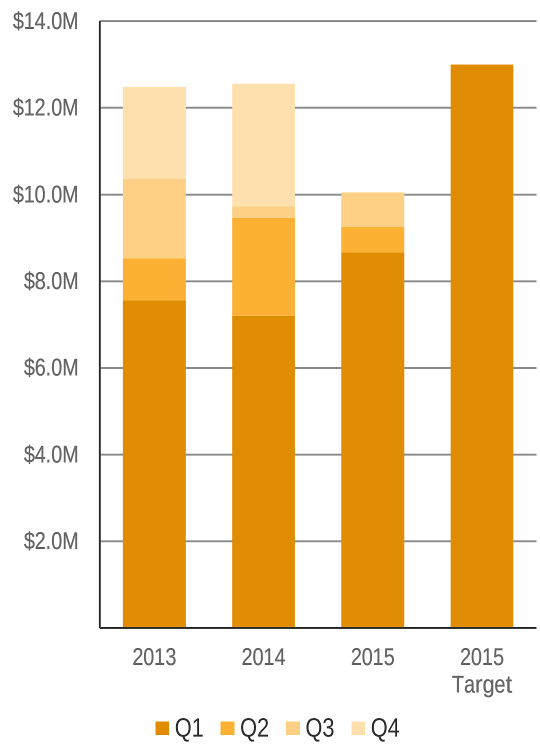
Debt & Contribution Fundraising

Outstanding Debt Balance



- We ended the quarter with just over $97 million in debt under management
- During the quarter we raised over $1 million in new notes from investors and $15.4 million year-to-date. Throughout the year, as the Central American harvest ended and total outstanding portfolio balance decreased through Q3, we repaid more flexible sources of capital and raised minimal new debt to manage to a more efficient capital utilization rate.
- Root Capital manages to approximately 90% capital utilization to manage liquidity and volatility in our lending portfolios. In Q3, we achieved an 84% capital utilization rate.

Total Contributions Raised for Each Year



- By the end of the third quarter, $10.05M in contributions had been raised toward a fundraising target of $13M for our 2015 operating need.
- The total value of new contributions raised in Q3 for use in current or future periods was $1.85M.
- Through Q3 we raised $4.7M for Root Capital's operations in 2016.

Statement of Activities

All numbers in thousands	Statement of Activities				
	YTD Results	YTD Target[1]	Variance (%)	2014 YTD	Yr/Yr Growth
Loan Interest and Fees	9,171	8,840	4%	7,610	21%
LAFCo Fees	288				
Gain (loss) on FX Lending	(1,207)	(175)	591%	(460)	163%
Interest & Fee Revenue	8,252	8,665	-5%	7,150	15%
Net Interest Expense	1,881	1,584	19%	1,392	35%
Net Interest & Fee Revenue	6,371	7,082	-10%	5,757	11%
Provisioning Expense	3,985	2,478	61%	2,318	72%
Net Revenue after Provisioning	2,386	4,604	-48%	3,440	-31%
Other Revenue (Expense)	114	N/A	N/A	(115)	N/A
Operating Expenses	11,449	12,935	-11%	10,459	9%
Contributions for Operations	7,749	9,950	-22%	7,612	2%
Net Surplus / (Deficit)	(1,200)	1,620	-174%	478	-351%

- On a consolidated basis, Root Capital recorded a $1.2M deficit through Q3, driven by foreign exchange losses, adverse credit experience, lower than projected releases of contributions for operations and higher funding costs, partially offset by well-controlled operating expenses.

- In addition to the previously-discussed components of our consolidated income statement, this quarter saw the launch of the Lending for African Farming Company (LAFCo). The new company, which Root Capital will exclusively manage, aims to enhance local food security and stimulate inclusive economic growth throughout sub-Saharan Africa. With an anchor investment by KfW, using funds from the German government and additional investment by AgDevCo, the UK-based impact investor, the company features a blend of public, philanthropic and private capital. Root Capital will both manage the company and invest alongside its partners. LAFCo's first revenue of $288K in setup costs and recurring management fees was generated in Q3.

Operating Expense by Program

Program *All numbers in thousands, YTD*	YTD Q3 2015 Operating Expenses			Q3 2014 Operating Expense	
	2015 Actual	2015 Target	Variance (%)	2014 Actuals	Yr/Yr Growth
Finance Opex (Sustainable Trade Fund)	4,018	4,654	-13.7%	4,082	-1.6%
Finance Opex (Frontier Portfolios)	1,394	1,627	-14.3%	1,099	26.9%
Advise Opex	3,760	4,304	-12.6%	3,209	17.2%
Catalyze Opex	2,277	2,350	-3.1%	2,070	10.0%
Total Opex	**11,449**	**12,935**	**-11.5%**	**10,459**	**9.5%**

- Year-to-date (YTD) operating expenses were $11.4M, which are $1.5M (12%) less than the performance target budget of $12.9M, and $1.5 million (10%) above 2014 operating expenses at the end of Q3. Standalone Q3 expenses of $3.95M were almost 20% higher than Q3 2014, partially due to the one-time expense of the global retreat. Lower-than-budgeted personnel expenses, primarily due to delayed and postponed hires, accounted for almost 20% of the underspending.

- After lower-than-forecasted revenue and higher provisioning expenses at the end of Q2, Root Capital underwent a **budget revision**, reducing the target 2015 budget by over $800K by reducing select planned hires, travel and professional services. The total 2015 revised budget is $16.2M, which is a reduction of $822K from the performance target budget of $17.1M. After the close of Q3, the year-end operating expenses are more likely to be at or slightly below $16.0M.

- The total **Finance** program YTD expenses were $5.4M, which is 14% below budget and 4% above 2014 YTD expenses. The declining expenses are due to delayed hires and strong budget management on travel and professional services to offset lower revenue and higher provisioning expenses.

- The total YTD operating expenses for **Advise** were $3.8M, which was $544K (20%) lower than budgeted, partially due to lower-than-projected costs for Advisory trainings, especially in Central America and Mexico. We will expect an increase in Advisory expenses during Q4, when we plan to disburse $200K to farmers to bolster their resilience efforts.

- Total operating expenses for **Catalyze** through Q3 2015 were $2.3M, which were 3% below budget. Expenses were $207K (10%) above this time in 2014. This increase is in line with the growth of the organization, and the program team structure has remained consistent over the past year.

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.