

FIRST SUPPLEMENTAL PROSPECTUS TO THE BASE PROSPECTUS DATED 19 OCTOBER 2016

DE VOLKSBANK N.V.

(incorporated under the laws of the Netherlands with limited liability and having its corporate seat in Utrecht, the Netherlands)

Under its Debt Issuance Programme (the “**Programme**”), de Volksbank N.V. (the “**Issuer**” or “**de Volksbank**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer, if any. This First supplemental prospectus (the “**First Supplemental Prospectus**”) is based on Article 5:23 of the Dutch Financial Supervision Act (the “**DFSA**”) and prepared in connection with the publication of the 2016 annual report of de Volksbank N.V. and is supplemental to, forms part of, and should be read in conjunction with the prospectus in relation to the Programme dated 19 October 2016 (the “**Base Prospectus**”). The purpose of this First Supplemental Prospectus is to (i) incorporate by reference de Volksbank’s publicly available annual financial statements for the period ended 31 December 2016 into the Base Prospectus and (ii) amend certain sections of the Base Prospectus, both as described in more detail below.

Terms defined elsewhere in the Base Prospectus shall have the same meaning in this First Supplemental Prospectus, unless specified otherwise.

This First Supplemental Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”), which is the Netherlands competent authority for the purpose of Directive 2003/71/EC (the “**Prospectus Directive**” which term includes amendments thereto to the extent implemented in a relevant Member State of the European Economic Area) and relevant implementing measures in the Netherlands, as a supplemental prospectus issued in compliance with the Prospectus Directive, Commission Regulation EC No. 809/2004 (as amended) (the “**Prospectus Regulation**”, which term includes amendments thereto), for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the date of the Base Prospectus.

The AFM has been requested by the Issuer to provide the Luxembourg Commission de Surveillance du Secteur Financier (the “**CSSF**”) with a certificate of approval attesting that this First Supplemental Prospectus has been drawn up in accordance with the Prospectus Directive.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE SECTION “RISK FACTORS” IN THE BASE PROSPECTUS.

This First Supplemental Prospectus is supplemental to, forms part of, and should be read in conjunction and construed together with the Base Prospectus including any documents incorporated by reference therein, (the Base Prospectus and this First Supplemental Prospectus in the form made available on the website of the Issuer at <https://www.devolksbank.nl/en/investor-relations/debt-information/unsecured-funding/medium-term-notes> contain hyperlinks to the documents incorporated by reference and may be obtained by contacting the Issuer by telephone (+31 30 291 42 46) or by email: jacob.bosscha@devolksbank.nl and kagan.koktas@devolksbank.nl), and in relation to any Tranche, the Base Prospectus and this First Supplemental Prospectus should be read and construed together with the relevant Final Terms.

RESPONSIBILITY STATEMENT

de Volksbank accepts responsibility for the information contained in the Base Prospectus and this First Supplemental Prospectus. de Volksbank declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Base Prospectus and this First Supplemental Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in the Base Prospectus and this First Supplemental Prospectus or any other information provided by the Issuer. The Dealers do not accept any liability in relation to the information contained in the Base Prospectus and this First Supplemental Prospectus or any other information provided by the Issuer in connection with the Programme.

NOTICE

The Base Prospectus and this First Supplemental Prospectus should be read and understood in accordance with any supplement hereto and with any other documents incorporated herein by reference. Full information on the Issuer and any Series or Tranche of Notes is only available on the basis of the combination of the Base Prospectus, this First Supplemental Prospectus and the applicable Final Terms.

The Issuer has undertaken to the Dealers to furnish a supplement to the Base Prospectus in case of any significant new factor, material mistake or inaccuracy relating to the information contained in the Base Prospectus which is capable of affecting the assessment of the Notes and which arises or is noticed between the time when the Base Prospectus has been approved and the final closing of any Tranche of Notes offered to the public or, as the case may be, when trading of any Tranche of Notes on a regulated market begins, in respect of Notes issued on the basis of the Base Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with the Base Prospectus and this First Supplemental Prospectus, or supplement thereto, any document incorporated by reference herein, or the applicable Final Terms, or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any Dealer.

The Base Prospectus (as supplemented by this First Supplemental Prospectus) is valid for 12 months following the date of the Base Prospectus and the Base Prospectus, the First Supplemental Prospectus, any other supplement to the Base Prospectus as well as any Final Terms reflect the status as of their respective dates of issue. The delivery of the Base Prospectus (as supplemented by this First Supplemental Prospectus) or any Final Terms and the offering, sale or delivery of any Notes shall not in any circumstances imply that the information contained in such documents is correct at any time subsequent to their respective dates of issue or that there has been no adverse change in the financial situation of the Issuer since such date or that any other information supplied in connection with the Programme or the Notes is correct at any time subsequent to the date on which it is supplied or, if

different, the time indicated in the document containing the same. The Arranger and any Dealer expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, inter alia, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Neither the Base Prospectus and this First Supplemental Prospectus nor any other information supplied in connection with the Programme should be considered as a recommendation by the Issuer, the Arranger or any Dealer that any recipient of the Base Prospectus and this First Supplemental Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Accordingly, no representation, warranty or undertaking, express or implied, is made by the Arranger or any Dealer in their capacity as such. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes (including an evaluation of the financial condition, creditworthiness and affairs of the Issuer) and the information contained or incorporated by reference in the Base Prospectus, this First Supplemental Prospectus and the applicable Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks (including, without limitation, those described in "Risk Factors" in the Base Prospectus).

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The distribution of the Base Prospectus, this First Supplemental Prospectus and any Final Terms and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession the Base Prospectus, this First Supplemental Prospectus or any Final Terms come must inform themselves about, and observe, any such restrictions. See “Subscription and Sale” in the Base Prospectus.

The Base Prospectus, this First Supplemental Prospectus may only be used for the purpose for which it has been published.

The Base Prospectus, this First Supplemental Prospectus and any Final Terms do not constitute an offer or an invitation to subscribe for or purchase any Notes.

The Base Prospectus, this First Supplemental Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. None of the Issuer, the Arranger and the Dealers represent that the Base Prospectus, this First Supplemental Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or assume any responsibility for facilitating any such distribution or offering. In particular, further action may be required under the Programme which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required.

The Base Prospectus and this First Supplemental Prospectus have been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in the Base Prospectus or this First Supplemental Prospectus or this Second Supplemental Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

All offers remain subject to restrictions set out in the section headed “Subscription and Sale” in the Base Prospectus. Neither the Issuer nor any Dealer have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

To the extent that there is any inconsistency between (a) any statement in this First Supplemental Prospectus or any statement incorporated by reference into the Base Prospectus by this First Supplemental Prospectus and (b) any statement incorporated by reference into the Base Prospectus, the statements under (a) above will prevail.

This supplement has been sent to you in an electronic form. You are reminded that documents

transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither de Volksbank N.V. nor Coöperatieve Rabobank U.A. ("**Rabobank**") nor any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the supplement distributed to you in electronic format and the hard copy version available to you on request from de Volksbank N.V. or Rabobank.

SUPPLEMENTAL INFORMATION

- On page 89 under the chapter “**Documents incorporated by reference**” the documents mentioned under (a), (c) and (j) shall be deleted from the list of documents incorporated in the Base Prospectus, and shall be replaced with the following documents:

(a) The Issuer’s publicly available financial statements and auditor’s report for the year ended 31 December 2016 (set forth on pages 182 up to and including 244 (financial statements) and pages 248 up to and including 259 (auditor’s report) of its 2016 annual report (English translation)); and 31 December 2015 (set forth on pages 194 up to and including 271 (financial statements) and pages 272 up to and including 285 (auditor’s report) of its 2015 annual report (English translation)) and 31 December 2014 (set forth on pages 109 up to and including 186 (financial statements); and pages 187 up to and including 193 (auditor’s report) of its 2014 annual report (English translation));

(c) The transparency statement in respect of the consolidated and company financial statements of the Issuer issued by the Managing Board of the Issuer as set forth on page 152 of its 2016 annual report (English translation)) and as set forth on page 180 up to and including 181 of its 2015 annual report (English translation) and as set forth on page 22 of its 2014 annual report (English translation);

(j) Chapter 3 (*Risk, Capital & Liquidity management*) set forth on pages 80 up to and including 150 of the Issuer’s 2016 annual report (English translation) and Chapter 6 (*Risk, Capital & Liquidity Management*) set forth on pages 88 up to and including 167 of the Issuer’s 2015 annual report (English translation).

- On page 89 under the chapter “**Documents incorporated by reference**” the following document shall be added to the list of documents incorporated in and to form part of, the Base Prospectus (with the deletion of “and” at the end of paragraph (n) and replacement of “.” at the end of paragraph (o) with “; and”):

(p) A press release published by the Issuer on 23 February 2017 regarding the Issuer’s annual results (with the exception of page 8 ‘Outlook’).

- On page 24, under “**Risk factors**” the following wording shall be deleted:

Risks related to the potential divestment

On 1 July 2016 the Minister of Finance has sent a letter to the Dutch Parliament concerning the future of the Issuer. It is expected that the Issuer will be divested in due course. A divestment could result in a change to the strategy, management and risk profile of the Issuer. There can be no assurance that a divestment would not adversely affect the Issuer’s credit rating, the ability of the Issuer to effectively conduct its business or to satisfy its obligations under the Notes. In addition, a change of ownership of the Issuer could result in key contracts being terminated by the counterparties to such contracts (including pursuant to termination rights that are exercisable upon such a change in ownership), which could give rise to material disruptions to the Issuer’s business, additional costs to renegotiate those contracts, difficulties in managing its operations, and adverse impacts on the Issuer’s customers. As a result of these effects, the

eventual change in ownership could have a material adverse effect on the Issuer's business, revenues, results of operations, financial position and prospects.

and replaced with:

Risks related to the decision of the Minister of Finance regarding the future of de Volksbank

On 1 July 2016, the Dutch Minister of Finance sent a letter to the House of Representatives on the future of and privatisation options for the Issuer. In this letter the Minister of Finance subscribed NLF's conclusion that it is too early to make a decision on de Volksbank's future and that he will decide on the future of de Volksbank after de Volksbank has regained a strong position in the Dutch banking landscape.

In relation to such decision of the Minister of Finance and to regain a strong position in the Dutch banking landscape, de Volksbank intends to tighten its brand positioning. In addition, de Volksbank intends to further simplify and enhance the efficiency of its business operations through digitalisation of processes and products, which will allow de Volksbank to achieve a sustainable and lower cost level. Finally, to keep pace with technological developments, de Volksbank will follow innovations in the area of core banking functions and intends to innovate with focus to constantly improve customer service.

During the period in which de Volksbank seeks to regain a strong position in the Dutch banking landscape and until the Minister of Finance has made a decision, de Volksbank will continue to examine its future options in consultation with the shareholder, potential investors, regulatory authorities and employees. If such decision of the Minister of Finance is made or the strategy as set out above is not accomplished or not effective, this could result in a change to the strategy, management and risk profile of the Issuer. There can be no assurance that the decision of the Minister of Finance or a change in strategy would not adversely affect the Issuer's credit rating, the ability of the Issuer to effectively conduct its business or to satisfy its obligations under the Notes.

In addition, a change of ownership of the Issuer could result in key contracts being terminated by the counterparties to such contracts (including pursuant to termination rights that are exercisable upon such a change in ownership), which could give rise to material disruptions to the Issuer's business, additional costs to renegotiate those contracts, difficulties in managing its operations, and adverse impacts on the Issuer's customers. As a result of these effects, the eventual change in ownership could have a material adverse effect on the Issuer's business, revenues, results of operations, financial position and prospects.

- On page 53, table 1 (with respect to **Long term credit ratings** only) shall be deleted and replaced with the following table (reflecting the change in outlook from 'stable' to 'positive' by Fitch Ratings and the upgrade from Baa2 (stable) to Baa1 (positive) by Moody's Investor Service for de Volksbank's long-term credit ratings):

Long term credit ratings	S&P	Moody's	Fitch
de Volksbank	BBB+ (stable)	Baa1 (positive)	BBB+ (positive)