

FIRST SUPPLEMENTAL

TO THE BASE PROSPECTUS DATED 19 OCTOBER 2017

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 Supplement (the “**Supplement**”) is based on Article 5:23 of the Dutch Financial Supervision Act (the “**DFSA**”) and prepared to update and amend the prospectus in relation to the Programme dated 19 October 2017 (the “**Base Prospectus**”) and is supplemental to, forms part of, and should be read in conjunction with the Base Prospectus.

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

This Supplement 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 Supplement 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 Supplement 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 Supplement in the form made available on the website of the Issuer at <https://www.devolsbank.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@devolsbank.nl and kagan.koktas@devolsbank.nl), and in relation to any Tranche, the Base Prospectus and this Supplement 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 Supplement. 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 Supplement 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 Supplement 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 Supplement or any other information provided by the Issuer in connection with the Programme.

NOTICE

The Base Prospectus and this Supplement 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 Supplement 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 Supplement, 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 Supplement) is valid for 12 months following the date of the Base Prospectus and the Base Prospectus, the Supplement, 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 Supplement) 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.

Prohibition of sales to EEA retail investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPS Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

MIFID II product governance / target market: The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

Neither the Base Prospectus and this Supplement 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 Supplement 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 Supplement 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 Supplement 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 Supplement 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 Supplement may only be used for the purpose for which it has been published.

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

The Base Prospectus, this Supplement 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 Supplement 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 Supplement 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 Supplement 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 Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement 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

1. On page 9 under “**Risk factors**” the following wording shall be inserted directly following the third paragraph on that page:

Risks related to prepayment penalties charged by the Issuer and to interest rate averaging

In the Netherlands borrowers of mortgage loans may generally prepay their mortgage loans before the maturity date. If the prepayment exceeds a certain limited amount in a year and does not result from certain predefined events, such as a sale of the mortgaged property, the provider of a mortgage loan may charge a prepayment penalty. A prepayment penalty may also be charged in case the borrower applies for interest rate averaging (*rentemiddeling*), as described below.

Pursuant to the entry into force of the Mortgage Credit Directive on 14 July 2016, prepayment penalties may not exceed the financial loss incurred by the provider of the mortgage loan. In view of the new regulation the AFM investigated the calculation method for, and the prepayment penalties charged by different providers of mortgage loans. As a result, the AFM published guidelines on 20 March 2017 with principles for calculating the prepayment penalty that may be charged in case of a prepayment of a mortgage loan (*Leidraad Vergoeding voor vervroegde aflossing van de hypotheek*).

According to these new AFM guidelines, the guidelines may be used for the calculation of the prepayment penalties charged as of 14 July 2016. The Issuer has reviewed whether the prepayment penalties charged since then were calculated in accordance with the principles of the guidelines. Where the recalculation showed that a prepayment penalty charged was too high, the Issuer notified the affected borrower of the mortgage loan and repaid such borrower the difference. These repayment obligations will have a limited impact on the financial position of the Issuer.

Some consumer organisations have argued that a recalculation of prepayment penalties charged should also take place over a five years period prior to 14 July 2016 and potentially be repaid to the borrowers. The KiFID, however, ruled in its decision of 31 July 2017 that these new guidelines do not have retroactive effect. Although unlikely, it cannot be ruled out that prepayment penalties charged before 14 July 2016 are considered to be unfair and/or deemed too high on the basis of the same reasoning or on the basis of other legal requirements. In such case also (parts of) prepayment penalties charged before 14 July 2016 shall have to be repaid. Should it be ruled by a court that excessive prepayment penalties charged before 14 July 2016 need to be repaid by the Issuer, the financial impact on the financial position of the Issuer will increase and could have a negative impact on the Issuer's business, result of operations or profitability.

The Issuer offers interest rate averaging (*rentemiddeling*) to Borrowers. In case a borrower of a mortgage loan applies for interest rate averaging (*rentemiddeling*) such borrower is offered a new fixed interest rate, whereby the (agreed-upon) fixed interest will be reduced taking into account the current interest rate offered by such offeror for the relevant period, the risk profile, the break costs for the fixed interest and a small surcharge. These guidelines do not directly apply to interest rate averaging, however, the AFM expects providers of mortgage loans to act in the best interest of the borrower. Furthermore, the AFM announced that it will investigate whether providers of mortgage loans always act in accordance with the borrowers' interest. In this respect, the AFM could decide to apply these guidelines to interest rate averaging or adjust the guidelines for interest rate averaging. The AFM could also decide to request the government to adjust the regulations in this respect. This may have a downward effect on the amounts received by the Issuer as interest or prepayment penalties under the relevant mortgage loan.

2. On page 17, under “**Risk factors**” the following wording shall be inserted as the second bullet on that page:

- On 1 January 2018, the EU regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (EU 2016/1011) (“**Benchmark Regulation**”) became applicable, subject to certain transitional provisions. The Benchmark Regulation applies to 'contributors' to, 'administrators' of, and 'users' of benchmarks in the EU. The Benchmark Regulation, among other things, (a) requires EU benchmark administrators to be authorised or registered and to comply with requirements relating to the administration of benchmarks, (b) prohibits the use in the EU of benchmarks provided by EU administrators which are not authorised or registered in accordance with the Benchmark Regulation, and (c) prohibits the use in the EU of benchmarks provided by non-EU administrators which are not (i) authorised or registered and subject to supervision in a jurisdiction in respect of which an

'equivalence' decision has been adopted in accordance with the Benchmark Regulation, or (ii) where such equivalence decision is pending, 'recognised' by the competent authorities of the applicable EU Member State(s). In addition, supervised entities that use a benchmark have to (i) produce and maintain robust written plans setting out the actions they would take when a benchmark would change or cease to be provided, and, where feasible and appropriate, nominating one or several alternative benchmarks and indicating why these would be suitable, (ii) reflect these plans in the contractual relationship with clients and (iii) upon request sent the plans and any updates to the competent authority. In case of non-compliance with the above requirements, national authorities will have the power to impose several administrative sanctions (or in some cases criminal sanctions).

3. On page 52, under “**Certain Notices to Investors**” the following wording shall be inserted as second and third paragraph:

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4. On page 58, the tables with the ratings of the Volksbank shall be deleted and replaced with the following table (reflecting the change from ‘BBB+’ with outlook ‘positive’ to ‘A-’ with outlook ‘stable’ to ‘positive’ by Fitch for de Volksbank’s long-term credit rating and the change from ‘P-2’ to ‘Prime-2’ by Moody’s for de Volksbank’s short-term credit rating):

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

Short term credit ratings	S&P	Moody's	Fitch
de Volksbank	A2	Prime-2	F2

5. On page 59 under “**Supervision**” the following wording shall be inserted directly following “ASN Vermogensbeheer B.V.”:

Alternative Investment Fund Manager:

ASN Beleggingsinstellingen Beheer B.V.

6. On page 91 under the chapter “**Documents incorporated by reference**” the documents mentioned under (a), (b), (e) and (k) 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 2017 (set forth on pages 186 up to and including 251 (financial statements) and pages 254 up to and including 262 (auditor’s report) of its 2017 annual report (English translation));
- (b) 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 255 (auditor’s report) of its 2016 annual report (English translation));
- (e) The transparency statement in respect of the consolidated and company financial statements of the Issuer issued by the Board of Directors of the Issuer as set forth on page 159 of its 2017 annual report (English translation) and as set forth on page 152 of its 2016 annual report (English translation);
- (k) Chapter 3 (*Risk, Capital & Liquidity management*) set forth on pages 84 up to and including 159 of the Issuer’s 2017 annual report (English translation) and as set forth on pages 80 up to and including 150 of the Issuer’s 2016 annual report (English translation);

7. On page 91 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 (q) and replacement of “.” at the end of paragraph (r) with “; and”):

- (s) A press release published by the Issuer on 22 February 2018 regarding the Issuer’s 2017 annual results (with the exception of page 10 ‘*Outlook*’).