

***MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**") and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.*

The Issuer is exempt from Directive 2014/65/EU on markets in financial instruments (MiFID II) and does not constitute a manufacturer or a distributor under the product governance rules set out in EU Delegated Directive 2017/593. The Issuer is therefore not subject to the responsibilities conferred on manufacturers or distributors therein.

Final Terms dated 14 May 2020

EUROPEAN STABILITY MECHANISM ("ESM")

Issue of EUR 1,500,000,000 0.750 per cent. Notes due 5 September 2028 as Tranche 2 of Series 166 (the "Notes") to be consolidated and form a single series with the existing issue of EUR 3,250,000,000 0.750 per cent. Notes due 5 September 2028 as Tranche 1 of Series 166 (the "Original Notes")

under the Debt Issuance Programme

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from the registration requirements of the Securities Act.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Information Memorandum dated 28 September 2017. This document constitutes the Final Terms of the Notes described herein. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Information Memorandum dated 26 August 2019 and the supplement to the Information Memorandum dated 24 April 2020 (together, the "**Information Memorandum**").

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| 1. Issuer: | European Stability Mechanism |
| 2. Series Number: | 166 |
| 3. Tranche Number: | 2 |
| | The Notes will be consolidated and form a single series with the Original Notes on the Issue Date. |
| 4. Specified Currency or Currencies: | Euro (" EUR ") |
| 5. Aggregate Nominal Amount: | |
| (i) Series: | EUR 4,750,000,000 |
| (ii) Tranche: | EUR 1,500,000,000 |
| 6. Issue Price: | 107.497 per cent. of the Aggregate Nominal Amount of the Notes plus an amount corresponding to accrued interest, from and including 5 September 2019, up to but excluding the Issue Date, amounting to EUR 7,868,852.46. |

7.	Specified Denominations:	EUR 0.01
8.	(i) Issue Date:	18 May 2020
	(ii) Interest Commencement Date:	5 September 2019
9.	Maturity Date:	5 September 2028
10.	Interest Basis:	0.750 per cent. <i>per annum</i> Fixed Rate (further particulars specified below)
11.	Redemption/Payment Basis:	Redemption at par
12.	Change of Interest or Redemption/Payment Basis:	Not Applicable
13.	Call Option	Not Applicable
14.	(i) Status of the Notes:	Senior, Unsecured, Unsubordinated
	(ii) Dates of Board of Directors approvals for issuance of Notes obtained:	29 October 2015, 23 January 2017 and 25 November 2019
15.	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions:	Applicable
	(i) Rate of Interest:	0.750 per cent. <i>per annum</i> payable annually in arrear
	(ii) Interest Payment Date(s):	5 September in each year commencing on and including 5 September 2020 (the " First Interest Payment Date ") (following unadjusted)
	(iii) Broken Amount(s):	Not Applicable
	(iv) Day Count Fraction:	Actual/Actual (ICMA)
	(v) Regular Dates:	5 September in each year
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions:	Not Applicable
18.	Zero Coupon Note Provisions:	Not Applicable
19.	Index-Linked Interest Note/other variable-linked interest Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

20.	Call Option:	Not Applicable
21.	Final Redemption Amount of each Note:	EUR 0.01 per Specified Denomination

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:	Bearer Note Reg S Global Note exchangeable for Definitive Notes: Global Note deposited with the Clearing System and exchangeable for Definitive Notes in the limited circumstances described in the Global Note
23.	Talons for future coupons or Receipts to be attached to Definitive Notes (and dates on which such talons mature):	No
24.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
25.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
26.	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
27.	Consolidation provisions:	Not Applicable
28.	Issuing and Paying Agency Agreement:	(i) an agency letter dated on or about 30 November 2012 between the Issuer and Deutsche Bundesbank as issuing and paying agent, and (ii) an agency letter dated on or about 30 November 2012 between the Issuer and Clearstream, Frankfurt
29.	Other final terms:	Not Applicable

DISTRIBUTION

30.	(i)	If syndicated, names of the Joint Lead Managers:	Joint Lead Managers BNP Paribas Citigroup Global Markets Limited Natixis
	(ii)	Date of Subscription Agreement:	14 May 2020
	(iii)	Stabilising Manager(s) (if any):	Natixis
31.		If non-syndicated, name and address of Dealer:	Not Applicable

35. ERISA Eligible:

No

36. Additional selling restrictions:

Not Applicable

GOVERNING LAW

37. Governing law:

English law

Signed on behalf of the European Stability Mechanism:

By:



Duly authorised

Kalin Anev Janse
Member of the Management Board
Chief Financial Officer

By:



Duly authorised

Siegfried Ruhl
Head of Funding and Investor Relations

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: Luxembourg
- (ii) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange with effect from 18 May 2020.
- The Original Notes are already admitted to trading on the Luxembourg Stock Exchange.

2. RATINGS

- Ratings: Moody's Deutschland GmbH has assigned ESM's Debt Issuance Programme a long-term rating of (P)Aa1.
- Fitch France S.A.S. has assigned to ESM a long-term rating of AAA (Stable).
- Each of the above credit ratings will be treated for the purposes of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended (the "**CRA Regulation**") as having been issued by Moody's Deutschland GmbH and Fitch France S.A.S. Respectively. Each of Moody's Deutschland GmbH and Fitch France S.A.S. is established in the European Union and is registered under the CRA Regulation. As such, each of Moody's Deutschland GmbH and Fitch France S.A.S. is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

3. OPERATIONAL INFORMATION

- ISIN Code: EU000A1Z99F0
- Common Code: 187541166
- WKN Code: A1Z99F
- Clearing System, including the relevant identification number(s): Clearstream Banking AG Frankfurt
- Intended for New Global Note Form: Not Applicable
- Intended for New Safekeeping Structure (NSS): Not Applicable
- Delivery: Delivery against payment

Names and addresses of the Issuing and Paying Agent:	Deutsche Bundesbank Wilhelm-Epstein-Straße 14 60431 Frankfurt am Main Federal Republic of Germany
Names and addresses of additional paying agent(s) (if any):	Not Applicable
Names and addresses of the Luxembourg Listing Agent:	Deutsche Bank Luxembourg S.A. 2, Boulevard Konrad Adenauer L-1115 Luxembourg Grand Duchy of Luxembourg
Names and addresses of the Calculation Agent (if any):	Not Applicable
Intended to be held in a manner which would allow Eurosystem eligibility:	Yes
	Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with a Clearing System and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.