

Swiss Re Treasury (US) Corporation

Financial Statements

December 31, 2020 and 2019

Swiss Re Treasury (US) Corporation

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Report of Independent Auditors

To the Board of Directors of Swiss Re Treasury (US) Corporation:

We have audited the accompanying financial statements of Swiss Re Treasury (US) Corporation, which comprise the statements of financial condition as of December 31, 2020 and December 31, 2019, and the related statements of income and comprehensive income, of changes in stockholder's equity and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Swiss Re Treasury (US) Corporation as of December 31, 2020 and December 31, 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 10, 2021

Swiss Re Treasury (US) Corporation
Statements of Financial Condition

December 31,

(in thousands, except for per share amounts)

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 14	\$ 523
Short-term investments	18,235	16,740
Receivable from SRZ	15,242	15,600
Notes receivable from affiliates	990,721	990,101
Accrued interest receivable from affiliates	6,962	7,482
Deferred tax asset	784	882
Total assets	<u>\$ 1,031,958</u>	<u>\$ 1,031,328</u>
Liabilities		
Notes Payable	\$ 990,422	\$ 989,764
Accrued interest payable	6,715	7,178
Other payables	267	76
Income taxes payable	34	159
Total liabilities	<u>\$ 997,438</u>	<u>\$ 997,177</u>
Commitments and Contingencies (see note 7)		
Stockholder's equity		
Common stock, par value \$0.01 per share:		
1,000 shares authorized, issued and outstanding	0	0
Additional paid-in capital	20,000	20,000
Accumulated other comprehensive income		
Net unrealized loss	-	-
Tax benefit on net unrealized loss	-	-
Retained earnings	14,520	14,151
Total stockholder's equity	<u>34,520</u>	<u>34,151</u>
Total Liabilities and stockholder's equity	<u>\$ 1,031,958</u>	<u>\$ 1,031,328</u>

The accompanying notes are an integral part of these financial statements.

Swiss Re Treasury (US) Corporation
Statements of Income and Comprehensive Income

	For the Years Ended December 31,	
	(in thousands)	
	<u>2020</u>	<u>2019</u>
Revenues		
Interest income on notes receivable from affiliates	\$ 35,200	\$ 42,060
Total revenue	<u>35,200</u>	<u>42,060</u>
Expenses		
Interest expense on notes payable	34,257	41,152
Service charges from parent	620	297
Other expenses	104	14
Total expenses	<u>34,981</u>	<u>41,463</u>
Other income (loss)		
Net investment income	235	682
Net realized / unrealized gains (losses)	24	(5,456)
Total other income (loss)	259	(4,774)
Net income (loss) before income tax provision	478	(4,177)
Income tax expense (benefit) provision		
Current	11	23
Deferred	98	(882)
Total income tax provision	<u>109</u>	<u>(859)</u>
Net income (loss)	<u>\$ 369</u>	<u>\$ (3,318)</u>
Other comprehensive income (loss), net of tax and reclassifications to earnings		
Change in unrealized (gain) loss on available for sale securities	\$ -	\$ 61
Total other comprehensive gain (loss)	<u>-</u>	<u>61</u>
Net comprehensive income (loss)	<u>\$ 369</u>	<u>\$ (3,257)</u>

The accompanying notes are an integral part of these financial statements.

Swiss Re Treasury (US) Corporation

Statements of Changes in Stockholder's Equity

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total
(in thousands)					
Balance, December 31, 2018	\$ -	\$ 20,000	\$ (61)	\$ 17,469	\$ 37,408
Unrealized gain on available for sale securities			77		77
Tax expense on unrealized Net loss			(16)	(3,318)	(3,318)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, December 31, 2019	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 14,151</u>	<u>\$ 34,151</u>
Unrealized gain on available for sale securities			-		-
Tax expense on unrealized Net income			-	369	369
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, December 31, 2020	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 14,520</u>	<u>\$ 34,520</u>

Swiss Re Treasury (US) Corporation

Statements of Cash Flows

	For the Years Ended December 31, (in thousands)	
	2020	2019
Cash flows from operating activities		
Net income/(loss)	369	(3,318)
Amortization, Net	(75)	(186)
Realized unrealised loss(gain)	(24)	5,471
Deferred Tax Asset	98	(898)
(Increase)/decrease in operating assets		
Accrued interest receivable from affiliates	57	344
Repayment of notes receivable from affiliates	-	950,000
Other Deferred Expense	-	45
Other assets	-	42
Increase/(decrease) in operating liabilities		
Repayment of notes payable	-	(955,463)
Payables to affiliates	191	(171)
Income taxes payable	(125)	(293)
Net cash provided/(used) by operating activities	491	(4,427)
Cash flows from investing activities		
Receivable from SRZ	358	(10,300)
Purchase of short-term investments	(50,735)	(51,381)
Sales/Maturities of short-term investments	49,377	54,730
Maturity of fixed income investments	-	10,000
Net cash provided/(used) by investing activities	(1,000)	3,049
Net increase(decrease) in cash and cash equivalents		
Increase(decrease) in cash and cash equivalents	(509)	(1,378)
Cash and cash equivalents		
Beginning of period	523	1,901
End of Period	14	523
Supplemental disclosure of cash flow information		
Cash paid during the year to Parent for taxes	136	316
Cash paid for interest	34,720	61,179
Supplemental disclosure of non cash items		

As disclosed in Note 5, the Company and its affiliate agreed to accept settlement of the note payable maturing January 2020 against the note payable issued January 2020 in a cashless transaction.

As disclosed in Note 6, the Company and its affiliate agreed to accept settlement of the note receivable maturing January 2020 against the note receivable issued January 2020 in a cashless transaction.

Swiss Re Treasury (US) Corporation

Notes to Financial Statements

1. Nature of Operations and Organization of the Company

Swiss Re Treasury (US) Corporation (the "Company") was incorporated on May 18, 2005 in Delaware and is a wholly-owned subsidiary of Swiss Re America Holding Corporation ("SRAH") which is ultimately owned by Swiss Re Ltd. (the "Parent"). The Company's business activities comprise the issuing of securities to investors and related parties and the lending of funds to related parties.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Estimates, Risks and Uncertainties

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are carried at amortized cost, which approximates fair value.

Investments

The Company's investments in fixed income securities are classified as available for sale (AFS) and are carried at fair value, with unrealized gains and losses recognized as a component of stockholder's equity.

For debt securities AFS that are other-than-temporary impaired and where there is not an intention to sell, the impairment is separated into (i) the estimated amount relating to credit loss, and (ii) the amount relating to all other factors. The estimated credit loss amount, if any, is recognized in earnings, with the remainder of the loss amount recognized in other comprehensive income. Subsequent recoveries of previously recognized impairments are not recognized in earnings.

The Company considers highly liquid investments with a remaining maturity at the date of acquisition of one year or less, but greater than three months, to be short-term investments. Short-term investments are classified as trading and carried at fair value with changes in fair value recognized in net income.

Investment income is recognized when earned. Fixed income securities are amortized or accreted using the constant yield interest method. Premium amortization and discount accretion are charged or credited to net investment income on the Statement of Income and Comprehensive Income. Investment income earned but which is receivable in a subsequent financial year is reported in Other Assets on the Statement of Financial Condition. Realized gains and losses on sales are included in net income and are calculated using the specific identification method. Securities transactions are recorded on the trade date.

Swiss Re Treasury (US) Corporation

Notes to Financial Statements

Fair Value Measurements

The fair value of the Company's financial instruments is based on quoted prices in active markets or observable inputs.

Service charges from affiliates

Service charges from affiliates consist of amounts paid to SRAH for services provided in accordance with the underlying terms of the service agreement. In addition, the Company reimburses SRAH for expenses paid on its behalf.

Interest Expense

Interest expense for all interest-bearing liabilities is recognized as an expense using the effective interest method.

Income Taxes

Income tax expense or benefit is based on income or losses reported in the financial statements. In accordance with ASC No. 740, "Income Taxes", deferred tax assets or liabilities reflect temporary differences between amounts of assets and liabilities for financial and tax reporting. Such amounts are adjusted to reflect changes in tax rates expected to be in effect when the temporary differences reverse. The future tax benefits of deferred tax assets are recognized when the realization of such benefits is more likely than not.

The Financial Accounting Standards Board issued ASC No. 740-10, which clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC No. 740-10 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at year end rates of exchange. Effective January 1, 2019 revenues and expenses are translated at the quarterly average rates of exchange for the year as implemented by the Swiss Re group accounting policy. In years ended 2020 and 2019, The Company did not report any transactions denominated in foreign currencies.

Adoption of New Accounting Standards

In August 2018, the FASB issued ASU 2018-13 "Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement", an update to topic 820, "Fair Value Measurement". The amendments in this ASU add, remove and modify some disclosure requirements on fair value measurement. The Company adopted the standard retrospectively on January 1, 2020 with the exception of the amendments which require prospective adoption. The adoption did not have an impact on the Company's financial statements.

In April 2019, the FASB issued ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments". The ASU provides selective clarification and corrections of guidance on credit losses, hedging, and recognizing and measuring financial instruments. The Company adopted the standard on January 1, 2020 with the exception of the guidance relating to ASU 2016-13 "Measurement of Credit Losses". The adoption did not have an impact on the Company's financial statements. The amendments related to credit losses will be adopted together with ASU 2016-13 as required by the standard.

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In March 2020, the FASB issued ASU 2020-04, "Facilitation of the effects of Reference Rate Reform on Financial Reporting", an update to Topic 848, "Reference Rate Reform". In response to concerns about structural risks and interbank offered rates (IBORs) and, particularly, the risk of cessation of the London Interbank Offered Rate (LIBOR), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates. The amendments in this update provide optional expedients and exceptions for applying US GAAP accounting principles to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of these reference rate reform initiatives. The Company adopted ASU 2020-04 on March 12, 2020, which is the issuance date of the standard. There is a choice to apply the guidance by Topic or Industry Subtopic at any time prospectively during the effective period from March 12, 2020 through December 31, 2022. As of December 31, 2020, the Company did not apply the guidance to any Topic or Subtopic which would have material impact on the financial statements.

Future Adoption of New Accounting Standards

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses", an update to Topic 326, "Financial Instruments – Credit Losses". ASU 2016-13 replaces the incurred loss impairment methodology in current US GAAP with a methodology that reflects expected credit losses. The standard is applicable to all financial assets such as financial instruments that are measured at amortized cost and available-for-sale debt securities. The objective of the expected credit loss model is that a reporting entity recognizes its estimate of expected credit losses incorporating forward-looking information in a valuation allowance for financial assets in scope. As amended by ASU 2019-10 "Effective Dates", ASU 2016-13 is effective for annual and interim periods beginning after December 15, 2022. For most affected financial assets, the ASU must be adopted using a modified retrospective approach, with a cumulative effect adjustment recorded to opening retained earnings on the adoption date. The Company is currently assessing the impact of the new requirements.

3. Investments

Investment Income

Net investment income was \$0.2 million and \$0.7 million for the years ended December 31, 2020 and 2019, respectively.

Realized Gains and Losses

Net realized losses from investment were \$0.0 million and \$5.5 million for each of the years ended December 31, 2020 and 2019, respectively.

Investments in Short-Term Securities

The carrying amounts of investments in short-term securities were \$18.2 million and \$16.7 million as of December 31, 2020 and 2019, respectively.

Investments in Fixed Income Securities Available for Sale

The carrying amounts of fixed income securities available for sale held were \$0.0 million as of December 31, 2020 and 2019, respectively.

4. Fair Value Disclosures

Fair value, as defined by the Fair Value Measurements and Disclosures Topic, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements do not include transaction costs.

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Notes to Financial Statements

The Company follows ASC No. 820, "Fair Value Measurements and Disclosures", which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC No. 820 are described below:

Basis of Fair Value Measurement

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation Techniques

The carrying amount of cash equivalents was \$0.0 million as of December 31, 2020 and 2019, respectively, consisting of U.S. Treasury Bills. Short-term investments and available for sale fixed income securities as of December 31, 2020 and 2019, respectively, consist of U.S. government securities. U.S. government securities typically have quoted market prices in active markets and are categorized as level 1 instruments in the fair value hierarchy.

Fair value of the notes payable as disclosed in note 5 is based on quoted market prices or dealer quotes for the identical liability when traded as an asset in an active market. The fair value measurement basis for the notes payable is considered to be level 2.

There were no transfers between levels during the years ended December 31, 2020 and 2019.

Swiss Re Treasury (US) Corporation

Notes to Financial Statements

5. Notes Payable

The following represents notes payable outstanding as of December 31, 2020 and 2019:
(in thousands)

	2020	2019
Affiliates		
Note with a par value of USD 250.0 million at 2.25% issued January 2015, due January 2020	\$ -	\$ 249,992
Note with a par value of USD 250.0 million at 2.05% issued January 2020, due January 2025	250,000	-
Total Affiliates Note Payable	250,000	249,992
To Third Parties		
Note with a par value of USD 500.0 million at 4.25% issued December 2012, due December 2042	490,869	490,451
Note with a par value of USD 250.0 million at 2.875% issued December 2012, due December 2022	249,553	249,321
Total Third Party Note Payable	740,422	739,772
Total Carrying Value	\$ 990,422	\$ 989,764
Total Fair Value	\$ 1,148,975	\$ 1,080,105

The Company issues debt under the Swiss Reinsurance Company European Medium Term Note ("EMTN") Program and under U.S. Rule 144A ("Rule 144A"). The EMTN Program, with a principal amount of up to \$10.0 billion, enables the Company to borrow money which shall immediately be passed to SRAH. Rule 144A enables the Company to issue debt to qualified institutional investors or non U.S. persons as defined within Regulation S under the U.S. Securities Act of 1933. The proceeds of such issuances shall immediately be passed to SRAH. Additionally, private placement loans are made to affiliates outside of these programs that are funded by proceeds from agreements entered into with related parties.

The notes outstanding at December 31, 2020 are in USD currency with maturity dates between December 2022 and December 2042. Interest expense recorded on the affiliate EMTN note amounted to \$5.1 million and \$12.0 million for the year ended December 31, 2020 and 2019, respectively of which \$4.7 million and \$5.2 million was unpaid and included in "Accrued interest payable" as of December 31, 2020 and 2019, respectively. Interest expense recorded on the Rule 144A notes amounted to \$29.1 million, of which \$2.0 million was unpaid and included in "Accrued interest payable" for each of the years ended December 31, 2020 and 2019.

Notes payable are recorded at amortized cost. Amortization of premium or discount is reflected as an adjustment to interest expense. All notes issued to third parties are guaranteed by Swiss Reinsurance Company Ltd. As the Company's business activities comprise the issuing of debt securities to third party investors and contemporaneously lending the proceeds on substantially the same terms to related parties, proceeds from issuance and repayment of Notes Payable have been presented in the Statements of Cash Flows within Cash flows from operating activities.

The Company and its affiliate agreed to accept settlement of the affiliate EMTN USD 250.0 million par note maturing January 2020 against the January 2020 issuance of an affiliate EMTN USD 250.0 million par note, resulting in a cashless transaction.

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Notes to Financial Statements

6. Notes Receivable from Affiliates

The following represents notes receivable outstanding as of December 31, 2020 and 2019:

	(in thousands)	
	<u>2020</u>	<u>2019</u>
Affiliates		
SRAH, issued with a par value of USD 250.0 million at 2.25% + 0.05%, issued in June 2015, due January 2020	-	250,000
SRAH, issued with a par value of USD 250.0 million at 2.925%, issued in December 2012, due December 2022	249,588	249,374
SRAH, issued with a par value of USD 500.0 million at 4.30%, issued in December 2012, due December 2042	491,133	490,727
SRAH issued with par value of USD 250.0 million at 2.10%, issue in January 2020, due January 2025	250,000	-
Total Carrying Value	<u>\$ 990,721</u>	<u>\$ 990,101</u>

The notes receivable from affiliates primarily consist of the EMTN and Rule 144A proceeds loaned to SRAH. The notes outstanding are in USD currency with maturity dates between December 2022 and December 2042. Interest income recorded on the notes receivable amounted to \$ 35.2 million and \$42.1 million for the years ended December 31, 2020 and 2019 respectively, of which \$6.9 million and \$7.5 million was unpaid and included in "Accrued interest receivable from affiliates" as of December 31, 2020 and 2019, respectively.

Notes receivable from affiliates are recorded at amortized cost. Amortization of premium or discount is reflected as an adjustment to interest income. As the Company's business activities comprise the issuing of debt securities to third party investors and contemporaneously lending the proceeds on substantially the same terms to related parties, cash outflows from the issuance of new loans and repayments of Notes Receivables have been presented in the Statements of Cash Flows within Cash flows from operating activities. The Company and SRAH agreed to accept settlement of the USD 250.0 million par note maturing January 2020 against the January 2020 issuance of the USD 250.0 million par note, resulting in a cashless transaction.

The fair value of Notes Receivable from affiliates approximates the fair value of Notes Payable as the underlying credit and terms are similar.

7. Commitments and Guarantees

ASC No. 460; "Guarantees", requires the disclosure of representations and warranties the Company enters into which may provide general indemnification to others. In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred, however, the Company expects the risk of loss to be remote.

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Notes to Financial Statements

8. Related Party Transactions

The Company enters into transactions and relationships with affiliated companies. Because of these relationships, terms of these transactions may not be the same as those that would result in transactions with unrelated parties. The Company has an agreement with SRAH, whereby certain services are performed on behalf of the Company. The Company incurs various expenses that are paid by SRAH, including legal and government relations services, office administration, auditing services, and other direct and allocated costs. For the years ended December 31, 2020 and 2019, such service charges of approximately \$0.6 million and \$0.3 million, respectively, were incurred pursuant to this agreement. As of December 31, 2020 and 2019 there were outstanding payables to the extent of \$0.18 million and \$0.08 million, respectively, included in "other payable" on the Statement of Financial Condition.

9. Securities Lending

The Company participates in a securities lending program with Swiss Reinsurance Company Ltd. ("SRZ"). Under the securities lending agreement, SRZ has the ability to borrow the Company's securities on an uncollateralized basis and lend them out to third parties. SRZ will pay the Company a fee equal to 80% of the net fee income derived from SRZ's subsequent lending of securities borrowed from the Company to various market participants. The Company is exposed to risk of loss to the extent loaned securities are not returned. As of December 31, 2020, and 2019, the fair value of short-term investments and Fixed Income Securities were \$18.23 million and \$16.74 million, respectively, of which \$14.23 million and \$16.74 million were on loan with SRZ, respectively. During the year ended December 31, 2020 and 2019, the Company earned \$0.01 million and \$0.04 million from security lending activity, respectively.

10. Cash Pooling

The Company participated in Cash Pooling program with Swiss Reinsurance Company Ltd. ("SRZ"). Under the cash pooling agreement, the Company lends surplus cash to SRZ. SRZ acts as an investment manager and invests in various overnight repurchase agreements and short term instruments. Cash is returned back to SRTUS the next day. In return for funding/lending cash into the pool, the entity gets paid an interest rate of overnight Libor rate, less 11 bps (fee paid to SRZ for being the investment manager). The interest on cash pooling is settled on a quarterly basis. At December 31, 2020 and 2019, there is a \$15.2 million and \$15.6 million receivable outstanding from SRZ, respectively. During the year ended December 31, 2020 and 2019, the Company earned \$0.1 million and \$0.2 million from these transactions, respectively.

11. Income Taxes

The Company is a member of a group which files a consolidated tax return with SRAH and its eligible subsidiaries. The consolidated income tax provision or benefit is allocated among the members of the group in accordance with a tax allocation agreement approved by the Board of Directors. The tax allocation agreement provides that each member's tax provision or benefit is determined on a separate company basis. The taxes paid by such member, or refund payable to such member shall be the amount that each member of the group would have paid or received if it had filed on a separate return basis. In computing their income tax liability on a separate return basis, member companies have the ability to recover taxes paid in a prior period or offset future taxable income to the extent net operating losses or other tax attributes that they generated are carried back or forward in any manner permitted under the Internal Revenue Code. Intercompany tax balances are settled no less often than annually.

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The components of the income tax provision are as follows:

	For the Years Ended December 31,	
	(in thousands)	
	2020	2019
Current		
US Federal	-	-
State and Local	11	23
Total current provision	11	23
Deferred		
US Federal, State and Local	98	(882)
Total current benefit	98	(882)
Total income tax provision	\$ 109	\$ (859)

Deferred taxes are comprised of the following items:

	As of December 31,	
	(in thousands)	
	2020	2019
Deferred tax asset		
Net operating loss carry forward	\$ 784	\$ 882
Unrealised gains/losses-FAS 115	-	-
Total deferred tax asset	784	882
Net deferred tax asset	\$ 784	\$ 882

The Internal Revenue Service is currently examining the 2017-2018 tax returns for the SRAH consolidated group which includes the Company. New York City ("NYC") is currently examining the 2012-2014 tax returns for the SRAH consolidated group which includes the Company.

As of December 31, 2020, the total amount of unrecognized tax benefits, including interest and penalties, was \$0.0 million. The Company does not anticipate any significant changes to its total unrecognized tax benefits within the next 12 months.

Pursuant to the tax allocation agreement, the Company had recorded an income tax payable to SRAH of \$0.0 million and \$0.1 million at December 31, 2020 and 2019, respectively.

The effective tax rate of 22.85% and 20.56% at December 31, 2020 and 2019, differs from the statutory rate primarily due to the effects of state and local taxes.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed by Congress with overwhelming bipartisan support and signed into law by President Trump on March 27,

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2020. Consideration of tax specific provisions within the CARES Act was made by the Company. The review indicated that there were no material impacts to the Company resulting from these provisions.

12. Subsequent Events

The Company has evaluated whether events or transactions have occurred after December 31, 2020 that would require recognition or disclosure in these financial statements through March 10, 2021, which is the date these financial statements were available to be issued.