

July 13, 2023

The Honorable Elizabeth Warren  
United States Senate  
Washington, D.C. 20510-2105

Dear Senator Warren:

On behalf of The Goldman Sachs Group, Inc. ("Goldman Sachs," "we," or the "firm"), we write to respond to your letter of June 29, 2023. In your letter, you ask about our relationship with Silicon Valley Bank ("SVB") in or around March 2023, and about the fees we received from SVB. We have cooperated with, and provided information to, several governmental bodies, including Congress, in connection with investigations and inquiries into SVB, and we appreciate the opportunity to respond to your questions, as well.

In or around March 2023, SVB engaged Goldman Sachs to assist with a proposed capital raise, and SVB also sought to sell the firm a portfolio of certain securities. With respect to the proposed capital raise, on March 8, 2023, after the close of the market, SVB announced that it planned to offer \$1.75 billion in securities in an underwritten registered public offering and that, prior to the offering, General Atlantic, a leading private equity firm, had committed to investing \$500 million at the public offering price.<sup>1</sup> In response to your questions, we note that Goldman Sachs did not receive any compensation from SVB for underwriting the proposed capital raise, nor did it receive payment for any other work on the proposed capital raise. Consistent with standard industry practice, Goldman Sachs would only have earned underwriting fees had the transaction closed, which did not occur here.

With respect to the portfolio sale of certain securities and in light of its particular circumstances at the time, SVB sought to sell Goldman Sachs certain available for sale securities, which consisted of Treasury and mortgage-backed securities. You have asked about the value of the portfolio and about fees Goldman received from the sale. The portfolio had a notional or face value of approximately \$24 billion, but the market value of these securities at the time was lower than that (as reflected on SVB's own books) given the impact of rising interest

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<sup>1</sup> See SVB, SVB Financial Group Announces Proposed Offerings of Common Stock and Mandatory Convertible Preferred Stock, (March 8, 2023), *available at* <https://ir.svb.com/news-and-research/news/news-details/2023/SVB-Financial-Group-Announces-Proposed-Offerings-of-Common-Stock-and-Mandatory-Convertible-Preferred-Stock/default.aspx>.

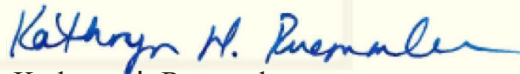
rates. Following arm's-length negotiations with SVB's management and approval by SVB's Board of Directors, Goldman Sachs purchased the portfolio for approximately \$21.45 billion, which reflected then-prevailing market prices as well as economic risks that Goldman Sachs was assuming in purchasing a portfolio of that size. As a point of clarification, Goldman Sachs did not receive any "fees" from this transaction. We currently expect to realize a gain of approximately \$60 million from the purchase and subsequent sale of the portfolio, though the number has fluctuated over time as market conditions have changed (and it remains subject to upward or downward fluctuation as we continue to sell the remaining portfolio assets).

You have also asked what actions Goldman Sachs took to address any conflicts of interest that might arise from its role in purchasing the portfolio of securities. Goldman Sachs offers a broad array of financial services to its clients, and clients often request that we provide multiple services. Accordingly, we have procedures and controls designed to identify and address potential conflicts of interest. In this case, among other things, we informed SVB in writing that Goldman Sachs was not acting as SVB's advisor on the portfolio sale and that SVB should not rely on Goldman Sachs for any advice in this regard but instead should hire a third-party advisor. We subsequently negotiated the terms of the portfolio sale with SVB as a counterparty.

We hope this response is helpful and clarifies Goldman Sachs' role in the proposed capital raise and portfolio sale.

Thank you for the opportunity to answer your questions.

Respectfully submitted,



Kathryn H. Ruemmler  
Chief Legal Officer and General Counsel  
The Goldman Sachs Group, Inc.