UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission File Number 001-32975

EVERCORE INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-4748747**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

55 East 52nd Street

New York, New York 10055

(Address of principal executive offices)

Registrant's telephone number, including area code: (212) 857-3100

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value $0.01 per share	**EVR**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's Class A common stock, par value $0.01 per share, outstanding as of October 22, 2020 was 40,631,720. The number of shares of the registrant's Class B common stock, par value $0.01 per share, outstanding as of October 22, 2020 was 53 (excluding 47 shares of Class B common stock held by a subsidiary of the registrant).

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In this report, references to "Evercore", the "Company", "we", "us", "our" refer to Evercore Inc., a Delaware corporation, and its consolidated subsidiaries. Unless the context otherwise requires, references to (1) "Evercore Inc." refer solely to Evercore Inc., and not to any of its consolidated subsidiaries and (2) "Evercore LP" refer solely to Evercore LP, a Delaware limited partnership, and not to any of its consolidated subsidiaries.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Financial Statements (Unaudited) **Page**

EVERCORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(UNAUDITED)

(dollars in thousands, except share data)

	September 30, 2020	December 31, 2019
Assets		
Current Assets		
Cash and Cash Equivalents	$ 1,149,291	$ 633,808
Investment Securities and Certificates of Deposit (includes available-for-sale debt securities with an amortized cost of $114,204 at December 31, 2019)	100,846	623,946
Financial Instruments Owned and Pledged as Collateral at Fair Value	13,279	12,431
Securities Purchased Under Agreements to Resell	8,766	13,566
Accounts Receivable (net of allowances of $10,833 and $7,881 at September 30, 2020 and December 31, 2019, respectively)	282,357	296,355
Receivable from Employees and Related Parties	25,900	22,416
Other Current Assets	61,749	87,900
Total Current Assets	1,642,188	1,690,422
Investments	82,262	89,490
Deferred Tax Assets	279,214	268,591
Operating Lease Right-of-Use Assets	278,055	199,988
Furniture, Equipment and Leasehold Improvements (net of accumulated depreciation and amortization of $136,815 and $117,387 at September 30, 2020 and December 31, 2019, respectively)	149,781	126,799
Goodwill	126,273	130,758
Intangible Assets (net of accumulated amortization of $8,793 and $7,292 at September 30, 2020 and December 31, 2019, respectively)	802	2,303
Other Assets	86,883	90,262
Total Assets	$ 2,645,458	$ 2,598,613
Liabilities and Equity		
Current Liabilities		
Accrued Compensation and Benefits	$ 429,932	$ 518,991
Accounts Payable and Accrued Expenses	41,084	39,726
Securities Sold Under Agreements to Repurchase	22,050	26,000
Payable to Employees and Related Parties	21,512	31,703
Operating Lease Liabilities	41,018	33,316
Taxes Payable	2,275	3,400
Current Portion of Notes Payable	37,948	—
Other Current Liabilities	22,020	15,517
Total Current Liabilities	617,839	668,653
Operating Lease Liabilities	302,725	217,251
Notes Payable	336,562	375,062
Amounts Due Pursuant to Tax Receivable Agreements	84,949	84,952
Other Long-term Liabilities	96,369	126,445
Total Liabilities	1,438,444	1,472,363
Commitments and Contingencies (Note 17)		
Equity		
Evercore Inc. Stockholders' Equity		
Common Stock		
Class A, par value $0.01 per share (1,000,000,000 shares authorized, 72,014,728 and 68,698,675 issued at September 30, 2020 and December 31, 2019, respectively, and 40,605,372 and 39,176,010 outstanding at September 30, 2020 and December 31, 2019, respectively)	720	687
Class B, par value $0.01 per share (1,000,000 shares authorized, 53 and 84 issued and outstanding at September 30, 2020 and December 31, 2019, respectively)	—	—
Additional Paid-In-Capital	2,216,722	2,016,524
Accumulated Other Comprehensive Income (Loss)	(31,403)	(27,596)
Retained Earnings	606,542	558,269
Treasury Stock at Cost (31,409,356 and 29,522,665 shares at September 30, 2020 and December 31, 2019, respectively)	(1,821,655)	(1,678,168)
Total Evercore Inc. Stockholders' Equity	970,926	869,716
Noncontrolling Interest	236,088	256,534
Total Equity	1,207,014	1,126,250
Total Liabilities and Equity	$ 2,645,458	$ 2,598,613

See Notes to Unaudited Condensed Consolidated Financial Statements.

EVERCORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(dollars and share amounts in thousands, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues				
Investment Banking:				
Advisory Fees	$ 270,662	$ 320,885	$ 965,662	$ 1,090,309
Underwriting Fees	66,499	17,598	181,182	61,428
Commissions and Related Fees	43,853	46,820	153,353	137,417
Asset Management and Administration Fees	14,025	12,650	39,725	37,452
Other Revenue, Including Interest and Investments	12,479	9,911	13,047	35,886
Total Revenues	407,518	407,864	1,352,969	1,362,492
Interest Expense	5,003	5,666	16,372	13,921
Net Revenues	402,515	402,198	1,336,597	1,348,571
Expenses				
Employee Compensation and Benefits	259,812	241,702	864,600	803,657
Occupancy and Equipment Rental	18,043	16,946	54,318	51,225
Professional Fees	17,324	21,577	53,165	60,912
Travel and Related Expenses	3,182	17,589	23,089	54,650
Communications and Information Services	13,868	12,146	40,704	34,773
Depreciation and Amortization	6,214	8,419	20,060	23,123
Execution, Clearing and Custody Fees	2,840	3,265	10,230	9,483
Special Charges, Including Business Realignment Costs	7,380	1,029	39,614	3,087
Acquisition and Transition Costs	454	380	560	488
Other Operating Expenses	9,712	8,801	30,539	26,185
Total Expenses	338,829	331,854	1,136,879	1,067,583
Income Before Income from Equity Method Investments and Income Taxes	63,686	70,344	199,718	280,988
Income from Equity Method Investments	3,111	2,562	8,552	7,226
Income Before Income Taxes	66,797	72,906	208,270	288,214
Provision for Income Taxes	15,677	20,402	51,042	60,253
Net Income	51,120	52,504	157,228	227,961
Net Income Attributable to Noncontrolling Interest	8,510	9,226	27,031	35,709
Net Income Attributable to Evercore Inc.	$ 42,610	$ 43,278	$ 130,197	$ 192,252
Net Income Attributable to Evercore Inc. Common Shareholders	$ 42,610	$ 43,278	$ 130,197	$ 192,252
Weighted Average Shares of Class A Common Stock Outstanding				
Basic	40,694	39,704	40,441	40,246
Diluted	42,343	42,789	42,185	43,437
Net Income Per Share Attributable to Evercore Inc. Common Shareholders:				
Basic	$ 1.05	$ 1.09	$ 3.22	$ 4.78
Diluted	$ 1.01	$ 1.01	$ 3.09	$ 4.43

See Notes to Unaudited Condensed Consolidated Financial Statements.

EVERCORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(dollars in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net Income	$ 51,120	$ 52,504	$ 157,228	$ 227,961
Other Comprehensive Income (Loss), net of tax:				
Unrealized Gain (Loss) on Securities and Investments, net	(23)	(45)	(1,720)	(715)
Foreign Currency Translation Adjustment Gain (Loss), net	6,773	(3,258)	(2,868)	(4,406)
Other Comprehensive Income (Loss)	6,750	(3,303)	(4,588)	(5,121)
Comprehensive Income	57,870	49,201	152,640	222,840
Comprehensive Income Attributable to Noncontrolling Interest	9,496	8,724	26,250	34,943
Comprehensive Income Attributable to Evercore Inc.	$ 48,374	$ 40,477	$ 126,390	$ 187,897

See Notes to Unaudited Condensed Consolidated Financial Statements.

EVERCORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)
(dollars in thousands, except share data)

	For the Three Months Ended September 30, 2020								
	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	Earnings	Shares	Dollars	Interest	Equity
Balance at June 30, 2020	71,977,753	$ 720	$ 2,166,837	$ (37,167)	$ 590,866	(31,393,480)	$ (1,820,728)	$ 231,622	$ 1,132,150
Net Income	—	—	—	—	42,610	—	—	8,510	51,120
Other Comprehensive Income	—	—	—	5,764	—	—	—	986	6,750
Treasury Stock Purchases	—	—	—	—	—	(15,876)	(927)	—	(927)
Evercore LP Units Exchanged for Class A Common Stock	200	—	11	—	—	—	—	(8)	3
Equity-based Compensation Awards	36,775	—	49,874	—	—	—	—	4,231	54,105
Dividends	—	—	—	—	(26,934)	—	—	—	(26,934)
Noncontrolling Interest (Note 14)	—	—	—	—	—	—	—	(9,253)	(9,253)
Balance at September 30, 2020	72,014,728	$ 720	$ 2,216,722	$ (31,403)	$ 606,542	(31,409,356)	$ (1,821,655)	$ 236,088	$ 1,207,014

	For the Nine Months Ended September 30, 2020								
	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	Earnings	Shares	Dollars	Interest	Equity
Balance at December 31, 2019	68,698,675	$ 687	$ 2,016,524	$ (27,596)	$ 558,269	(29,522,665)	$ (1,678,168)	$ 256,534	$ 1,126,250
Cumulative Effect of Accounting Change(1)	—	—	—	—	(1,310)	—	—	—	(1,310)
Net Income	—	—	—	—	130,197	—	—	27,031	157,228
Other Comprehensive Income (Loss)	—	—	—	(3,807)	—	—	—	(781)	(4,588)
Treasury Stock Purchases	—	—	—	—	—	(1,886,691)	(143,487)	—	(143,487)
Evercore LP Units Exchanged for Class A Common Stock	806,555	8	42,353	—	—	—	—	(33,762)	8,599
Equity-based Compensation Awards	2,509,498	25	159,410	—	—	—	—	9,926	169,361
Dividends	—	—	—	—	(80,614)	—	—	—	(80,614)
Noncontrolling Interest (Note 14)	—	—	(1,565)	—	—	—	—	(22,860)	(24,425)
Balance at September 30, 2020	72,014,728	$ 720	$ 2,216,722	$ (31,403)	$ 606,542	(31,409,356)	$ (1,821,655)	$ 236,088	$ 1,207,014

(1) The cumulative adjustment relates to the adoption of Accounting Standards Update ("ASU") No. 2016-13, *"Measurement of Credit Losses on Financial Instruments"* ("ASU 2016-13") on January 1, 2020, for which the Company recorded an adjustment to Retained Earnings to reflect the increase in the Company's Allowance for Doubtful Accounts as a result of the use of the current expected credit loss model. See Notes 2 and 3 for further information.

	For the Three Months Ended September 30, 2019								
	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	Earnings	Shares	Dollars	Interest	Equity
Balance at June 30, 2019	68,508,501	$ 685	$ 1,916,503	$ (31,988)	$ 463,002	(28,643,895)	$ (1,609,916)	$ 236,549	$ 974,835
Net Income	—	—	—	—	43,278	—	—	9,226	52,504
Other Comprehensive Income (Loss)	—	—	—	(2,801)	—	—	—	(502)	(3,303)
Treasury Stock Purchases	—	—	—	—	—	(493,943)	(39,035)	—	(39,035)
Evercore LP Units Exchanged for Class A Common Stock	24,789	1	1,501	—	—	—	—	(1,010)	492
Equity-based Compensation Awards	40,571	—	50,175	—	—	—	—	6,993	57,168
Dividends	—	—	—	—	(26,722)	—	—	—	(26,722)
Noncontrolling Interest (Note 14)	—	—	—	—	—	—	—	(12,651)	(12,651)
Balance at September 30, 2019	68,573,861	$ 686	$ 1,968,179	$ (34,789)	$ 479,558	(29,137,838)	$ (1,648,951)	$ 238,605	$ 1,003,288

For the Nine Months Ended September 30, 2019

Accumulated

	Class A Common Stock		Additional Paid-In	Other Comprehensive	Retained	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	Earnings	Shares	Dollars	Interest	Equity
Balance at December 31, 2018	65,872,014	$ 659	$ 1,818,100	$ (30,434)	$ 364,882	(26,123,438)	$ (1,395,087)	$ 249,819	$ 1,007,939
Net Income	—	—	—	—	192,252	—	—	35,709	227,961
Other Comprehensive Income (Loss)	—	—	—	(4,355)	—	—	—	(766)	(5,121)
Treasury Stock Purchases	—	—	—	—	—	(3,014,400)	(253,864)	—	(253,864)
Evercore LP Units Exchanged for Class A Common Stock	281,685	3	30,828	—	—	—	—	(12,187)	18,644
Equity-based Compensation Awards	2,420,162	24	160,733	—	—	—	—	19,109	179,866
Dividends	—	—	—	—	(77,576)	—	—	—	(77,576)
Noncontrolling Interest (Note 14)	—	—	(41,482)	—	—	—	—	(53,079)	(94,561)
Balance at September 30, 2019	68,573,861	$ 686	$ 1,968,179	$ (34,789)	$ 479,558	(29,137,838)	$ (1,648,951)	$ 238,605	$ 1,003,288

See Notes to Unaudited Condensed Consolidated Financial Statements.

EVERCORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(dollars in thousands)

	For the Nine Months Ended September 30,	
	2020	2019
Cash Flows From Operating Activities		
Net Income	$ 157,228	$ 227,961
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Net (Gains) Losses on Investments, Investment Securities and Contingent Consideration	3,471	(9,330)
Equity Method Investments	2,341	2,516
Equity-Based and Other Deferred Compensation	271,145	278,422
Gain on Sale of ECB Trust Business	(1,355)	—
Noncash Lease Expense	28,564	22,736
Depreciation, Amortization and Accretion	22,440	26,438
Bad Debt Expense	5,888	2,569
Deferred Taxes	(260)	(14,621)
Decrease (Increase) in Operating Assets:		
Investment Securities	2,250	(459)
Financial Instruments Owned and Pledged as Collateral at Fair Value	(2,859)	(1,351)
Securities Purchased Under Agreements to Resell	2,753	1,299
Accounts Receivable	4,037	(1,567)
Receivable from Employees and Related Parties	(3,503)	3,153
Other Assets	24,576	(25,491)
(Decrease) Increase in Operating Liabilities:		
Accrued Compensation and Benefits	(213,817)	(389,446)
Accounts Payable and Accrued Expenses	283	4,059
Securities Sold Under Agreements to Repurchase	109	18
Payables to Employees and Related Parties	(10,194)	(3,147)
Taxes Payable	(1,125)	(32,868)
Other Liabilities	(8,777)	64
Net Cash Provided by Operating Activities	283,195	90,955
Cash Flows From Investing Activities		
Investments Purchased	(143)	(3,822)
Distributions of Private Equity Investments	650	1,698
Investment Securities:		
Proceeds from Sales and Maturities of Investment Securities and Futures Contracts Activity	554,141	376,934
Purchases of Investment Securities and Futures Contracts Activity	(247,920)	(570,783)
Maturity of Certificates of Deposit	214,266	100,000
Purchase of Certificates of Deposit	—	(211,861)
Purchase of Furniture, Equipment and Leasehold Improvements	(41,580)	(46,155)
Proceeds from Sale of Business	1,830	—
Net Cash Provided by (Used In) Investing Activities	481,244	(353,989)
Cash Flows From Financing Activities		
Issuance of Noncontrolling Interests	540	600
Distributions to Noncontrolling Interests	(23,262)	(44,947)
Short-Term Borrowings	—	30,000
Repayment of Short-Term Borrowings	—	(30,000)
Issuance of Notes Payable	—	205,718
Debt Issuance Costs	—	(2,032)
Purchase of Treasury Stock and Noncontrolling Interests	(144,338)	(304,078)
Dividends	(81,297)	(73,875)
Net Cash Provided by (Used in) Financing Activities	(248,357)	(218,614)
Effect of Exchange Rate Changes on Cash	(1,302)	(4,869)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	514,780	(486,517)
Cash, Cash Equivalents and Restricted Cash-Beginning of Period	643,886	800,096
Cash, Cash Equivalents and Restricted Cash-End of Period	$ 1,158,666	$ 313,579
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Payments for Interest	$ 18,110	$ 14,750
Payments for Income Taxes	$ 42,777	$ 120,929

Accrued Dividends	$ 10,266	$ 10,903
Noncash Purchase of Noncontrolling Interest	$ 851	$ 2,701

See Notes to Unaudited Condensed Consolidated Financial Statements.

EVERCORE INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands, except per share amounts, unless otherwise noted)

Note 1 – Organization

Evercore Inc., together with its subsidiaries (the "Company"), is an investment banking and investment management firm, incorporated in Delaware and headquartered in New York, New York. The Company is a holding company which owns a controlling interest in, and is the sole general partner of, Evercore LP, a Delaware limited partnership ("Evercore LP"). The Company operates from its offices and through its affiliates in North America, Europe, the Middle East and Asia.

The Investment Banking segment includes the advisory business through which the Company provides advice to clients on significant mergers, acquisitions, divestitures, shareholder activism and other strategic corporate transactions, with a particular focus on advising prominent multinational corporations and substantial private equity firms on large, complex transactions. The Company also provides restructuring advice to companies in financial transition, as well as to creditors, shareholders and potential acquirers. In addition, the Company provides its clients with capital markets advice, underwrites securities offerings, raises funds for financial sponsors and provides advisory services focused on secondary transactions for private funds interests, as well as on primary and secondary transactions for real estate oriented financial sponsors and private equity interests. The Investment Banking business also includes the Evercore ISI business through which the Company offers macroeconomic, policy and fundamental equity research and agency-based equity securities trading for institutional investors.

The Investment Management segment includes the wealth management business through which the Company provides investment advisory, wealth management and fiduciary services for high-net-worth individuals and associated entities, the institutional asset management business through which the Company, directly and through affiliates, manages financial assets for sophisticated institutional investors and the private equity business, which holds interests in private equity funds which are not managed by the Company.

Note 2 – Significant Accounting Policies

For a further discussion of the Company's accounting policies, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Basis of Presentation – The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q. As permitted by the rules and regulations of the United States Securities and Exchange Commission, the unaudited condensed consolidated financial statements contain certain condensed financial information and exclude certain footnote disclosures normally included in audited consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying condensed consolidated financial statements are unaudited and are prepared in accordance with U.S. GAAP. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, including normal recurring accruals, necessary to fairly present the accompanying unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2019. The December 31, 2019 Unaudited Condensed Consolidated Statement of Financial Condition data was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. GAAP. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2020.

The accompanying unaudited condensed consolidated financial statements of the Company are comprised of the consolidation of Evercore LP and Evercore LP's wholly owned and majority-owned direct and indirect subsidiaries, including Evercore Group L.L.C. ("EGL"), a registered broker-dealer in the U.S. The Company's policy is to consolidate all subsidiaries in which it has a controlling financial interest, as well as any variable interest entities ("VIEs") where the Company is deemed to be the primary beneficiary, when it has the power to make the decisions that most significantly affect the economic performance of the VIE and has the obligation to absorb significant losses or the right to receive benefits that could potentially be significant to the VIE. The Company reviews factors, including the rights of the equity holders and obligations of equity holders to absorb losses or receive expected residual returns, to determine if the investment is a VIE. In evaluating whether the Company is the primary beneficiary, the Company evaluates its economic interests in the entity held either directly or indirectly by the Company. The consolidation analysis is generally performed qualitatively. This analysis, which requires judgment, is performed at each reporting date.

Evercore LP is a VIE and the Company is the primary beneficiary. Specifically, the Company has the majority economic interest in Evercore LP and has decision making authority that significantly affects the economic performance of the entity while the limited partners have no kick-out or substantive participating rights. The assets and liabilities of Evercore LP represent substantially all of the consolidated assets and liabilities of the Company with the exception of U.S. corporate taxes and related items, which are presented on the Company's (Parent Company Only) Condensed Statements of Financial Condition in Note 25 to the Company's consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Evercore ISI International Limited ("Evercore ISI U.K."), Evercore Partners International LLP ("Evercore U.K."), Evercore (Japan) Ltd. ("Evercore Japan") and Evercore Consulting (Beijing) Co. Ltd. ("Evercore Beijing") are also VIEs, and the Company is the primary beneficiary of these VIEs. Specifically for Evercore ISI U.K., Evercore Japan and Evercore Beijing (as of January 1, 2019 for Evercore Japan and Evercore Beijing), the Company provides financial support through transfer pricing agreements with these entities, which exposes the Company to losses that are potentially significant to these entities, and has decision making authority that significantly affects the economic performance of these entities. The Company has the majority economic interest in Evercore U.K. and has decision making authority that significantly affects the economic performance of this entity. The Company included in its Unaudited Condensed Consolidated Statements of Financial Condition Evercore ISI U.K., Evercore U.K., Evercore Japan and Evercore Beijing assets of $228,884 and liabilities of $102,217 at September 30, 2020 and assets of $227,885 and liabilities of $129,494 at December 31, 2019.

All intercompany balances and transactions with the Company's subsidiaries have been eliminated upon consolidation.

The Company adopted ASU No. 2016-13 on January 1, 2020, using a modified retrospective method of transition. The Company recorded a cumulative-effect adjustment to decrease retained earnings by $1,310 as of January 1, 2020. Following the adoption of ASU 2016-13, the Company’s accounting policies are as follows:

Accounts Receivable and Contract Assets – Accounts Receivable consists primarily of investment banking fees and expense reimbursements charged to the Company's clients. The Company records Accounts Receivable, net of any allowance for doubtful accounts, when relevant revenue recognition criteria has been achieved and payment is conditioned on the passage of time. The Company maintains an allowance for doubtful accounts to provide coverage for estimated losses from its client receivables. The Company determines the adequacy of the allowance by estimating the probability of loss based on the Company's analysis of historical credit loss experience of its client receivables, and taking into consideration current market conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The Company has determined that long-term forecasted information is not relevant to its fee receivables, which are primarily short-term. The Company updates its average credit loss rates periodically and maintains a quarterly allowance review process to consider current factors that would require an adjustment to the credit loss allowance. In addition, the Company periodically performs a qualitative assessment to monitor risks associated with current and forecasted conditions that may require an adjustment to the expected credit loss rates. Expected credit losses for newly recognized financial assets and changes to expected credit losses during the period are recognized in earnings.

The Investment Banking and Investment Management receivables collection periods generally are within 90 days of invoice, with the exception of placement fees, which are generally collected within 180 days of invoice, and fees related to private funds capital raising, which are collected in a period exceeding one year. The collection period for restructuring transaction receivables may exceed 90 days. Receivables that are collected in a period exceeding one year are reflected in Other Assets on the Consolidated Statements of Financial Condition.

The Company records contract assets within Other Current Assets and Other Assets on the Consolidated Statements of Financial Condition when payment is due from a client conditioned on future performance or the occurrence of other events. The Company also recognizes a contract asset for the incremental costs of obtaining a contract with a customer if the benefit of those costs is expected to be longer than one year. The Company applies a practical expedient to expense costs to obtain a contract as incurred when the amortization period is one year or less.

Note 3 – Recent Accounting Pronouncements

ASU 2016-13 – In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13. ASU 2016-13 provides amendments to Accounting Standards Codification ("ASC") 326, *"Financial Instruments - Credit Losses,"* which amend the guidance on the impairment of financial instruments and add an impairment model (the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Entities will recognize an allowance for its estimate of expected credit losses as of the end of each reporting period. ASU 2016-13 also eliminates the concept of other-than-temporary impairment for available-for-sale debt securities and requires impairments on these securities to be recognized in earnings through an allowance when fair value is less than amortized cost and a credit loss exists or when the securities are expected to be sold before a recovery of amortized cost. The amendments in this update are effective during interim and annual periods beginning after December 15, 2019, with early adoption permitted after December 15, 2018.

The Company adopted ASU 2016-13 on January 1, 2020 using the modified retrospective approach by means of a cumulative-effect adjustment to decrease retained earnings by $1,310 as of January 1, 2020. As a result of adopting ASU 2016-13, the Company's allowance for credit losses on financial assets that are measured at amortized cost will reflect management's estimate of credit losses over the remaining expected life of such assets. These expected credit losses are measured based on historical experience, current conditions and forecasts that affect the collectability of the reported amounts. Expected credit losses for newly recognized financial assets, and changes to expected credit losses during the period are recognized in earnings. The impact of the new guidance primarily relates to the Company's trade accounts receivable. The Company previously used the specific identification method for establishing credit provisions and write-offs of its trade accounts receivable.

ASU 2018-13 – In August 2018, the FASB issued ASU No. 2018-13, *"Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement"* ("ASU 2018-13"). ASU 2018-13 provides amendments to ASC 820, "*Fair Value Measurements and Disclosures"* ("ASC 820"), which remove the requirements surrounding the disclosure and policy of transfers between fair value levels and the valuation processes for recurring Level 3 fair value measurements. In addition, ASU 2018-13 adds disclosure requirements for changes in unrealized gains and losses for Level 3 measurements and the range and weighted average of significant unobservable inputs used in Level 3 fair value measurements. The amendments in this update are effective during interim and annual periods beginning after December 15, 2019, with early adoption permitted. The amendments on changes in unrealized gains and losses and unobservable inputs for Level 3 measurements should be applied prospectively, and all other amendments in this update should be applied retrospectively. The Company adopted ASU 2018-13 on January 1, 2020. The adoption of ASU 2018-13 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2018-17 – In October 2018, the FASB issued ASU No. 2018-17, *"Consolidation (Topic 810) - Targeted Improvements to Related Party Guidance for Variable Interest Entities"* ("ASU 2018-17"). ASU 2018-17 provides amendments to ASC 810, "*Consolidation"* which states that any indirect interest held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. The amendments in this update are effective during interim and annual periods beginning after December 15, 2019, with early adoption permitted. The amendments are required to be retrospectively applied with a cumulative-effect adjustment to retained earnings at the beginning of the earliest period presented. The Company adopted ASU 2018-17 on January 1, 2020. The adoption of ASU 2018-17 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2019-12 – In December 2019, the FASB issued ASU No. 2019-12, *"Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes"* ("ASU 2019-12"). ASU 2019-12 provides amendments to ASC 740, *"Income Taxes"* ("ASC 740") which simplify the accounting for income taxes by removing certain exceptions in ASC 740 and clarify and amend certain existing guidance. The amendments in this update are effective during interim and annual periods beginning after December 15, 2020, with early adoption permitted. The amendments on separate financial statements of legal entities that are not subject to tax should be applied on a retrospective basis for all periods presented, amendments on ownership changes of foreign equity method investments or foreign subsidiaries should be applied on a modified retrospective basis, with a cumulative-effect adjustment recorded through retained earnings as of the beginning of the period of adoption, and all other amendments should be applied prospectively. The Company is currently assessing the impact of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2020-01 – In January 2020, the FASB issued ASU No. 2020-01, *"Clarifying the Interactions Between Topic 321, 323, and Topic 815"* ("ASU 2020-01"). ASU 2020-01 provides amendments to clarify the accounting for certain equity securities when the equity method of accounting is applied or discontinued and scope considerations related to forward contracts and purchased options on certain securities. The amendments in this update are effective during interim and annual periods beginning after December 15, 2020, with early adoption permitted. The Company is currently assessing the impact of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2020-06 – In August 2020, the FASB issued ASU No. 2020-06, *"Accounting for Convertible Instruments and Contracts in an Entity's Own Equity"* ("ASU 2020-06"). ASU 2020-06 provides amendments to reduce the number of models used to account for convertible instruments and to simplify the accounting for contracts in an entity's own equity. ASU 2020-06 also provides amendments to diluted earnings per share calculations, which require entities to use the if-converted method for convertible instruments and to include the effect of potential share settlement from instruments that may be settled in cash or in shares. The amendments in this update are effective during interim and annual periods beginning after December 15, 2021, with early adoption permitted. The amendments should be applied using a modified or full retrospective transition method. The Company is currently assessing the impact of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

(amounts in thousands, except per share amounts, unless otherwise noted)

Note 4 – Revenue and Accounts Receivable

The following table presents revenue recognized by the Company for the three and nine months ended September 30, 2020 and 2019:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Investment Banking:				
Advisory Fees	$ 270,662	$ 320,885	$ 965,662	$ 1,090,309
Underwriting Fees	66,499	17,598	181,182	61,428
Commissions and Related Fees	43,853	46,820	153,353	137,417
Total Investment Banking	$ 381,014	$ 385,303	$ 1,300,197	$ 1,289,154
Investment Management:				
Asset Management and Administration Fees:				
Wealth Management	$ 13,664	$ 12,155	$ 38,624	$ 35,408
Institutional Asset Management	361	495	1,101	2,044
Total Investment Management	$ 14,025	$ 12,650	$ 39,725	$ 37,452

Contract Balances

The change in the Company's contract assets and liabilities during the periods primarily reflects timing differences between the Company's performance and the client's payment. The Company's receivables, contract assets and deferred revenue (contract liabilities) for the nine months ended September 30, 2020 and 2019 are as follows:

EVERCORE INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands, except per share amounts, unless otherwise noted)

	For the Nine Months Ended September 30, 2020					
	Receivables (Current)(1)	Receivables (Long-term)(2)	Contract Assets (Current)(3)	Contract Assets (Long-term)(2)	Deferred Revenue (Current Contract Liabilities)(4)	Deferred Revenue (Long-term Contract Liabilities)(5)
Balance at January 1, 2020	$ 296,355	$ 63,554	$ 31,525	$ 2,504	$ 2,492	$ 615
Increase (Decrease)	(13,998)	(580)	(12,244)	(88)	9,784	(234)
Balance at September 30, 2020	$ 282,357	$ 62,974	$ 19,281	$ 2,416	$ 12,276	$ 381

	For the Nine Months Ended September 30, 2019					
	Receivables (Current)(1)	Receivables (Long-term)(2)	Contract Assets (Current)(3)	Contract Assets (Long-term)(2)	Deferred Revenue (Current Contract Liabilities)(4)	Deferred Revenue (Long-term Contract Liabilities)(5)
Balance at January 1, 2019	$ 309,075	$ 60,948	$ 2,833	$ 541	$ 4,016	$ 1,731
Increase (Decrease)	(3,403)	3,628	(1,799)	1,787	912	(1,116)
Balance at September 30, 2019	$ 305,672	$ 64,576	$ 1,034	$ 2,328	$ 4,928	$ 615

(1) Included in Accounts Receivable on the Unaudited Condensed Consolidated Statements of Financial Condition.
(2) Included in Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition.
(3) Included in Other Current Assets on the Unaudited Condensed Consolidated Statements of Financial Condition.
(4) Included in Other Current Liabilities on the Unaudited Condensed Consolidated Statements of Financial Condition.
(5) Included in Other Long-term Liabilities on the Unaudited Condensed Consolidated Statements of Financial Condition.

The Company's contract assets represent arrangements in which an estimate of variable consideration has been included in the transaction price and thereby recognized as revenue that precedes the contractual due date. Under ASC 606, revenue is recognized when all material conditions for completion have been met and it is probable that a significant revenue reversal will not occur in a future period.

The Company recognized revenue of $5,652 and $11,543 on the Unaudited Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2020, respectively, and $3,377 and $10,870 for the three and nine months ended September 30, 2019, respectively, that was initially included in deferred revenue on the Company's Unaudited Condensed Consolidated Statements of Financial Condition.

Generally, performance obligations under client arrangements will be settled within one year; therefore, the Company has elected to apply the practical expedient in ASC 606-10-50-14.

The allowance for credit losses for the three and nine months ended September 30, 2020 and 2019 is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Beginning Balance(1)	$ 11,125	$ 7,359	$ 9,191	$ 6,037
Bad debt expense	557	819	5,888	2,569
Write-offs, foreign currency translation and other adjustments	(849)	(6,235)	(4,246)	(6,663)
Ending Balance	$ 10,833	$ 1,943	$ 10,833	$ 1,943

(1) Beginning Balance for the nine months ended September 30, 2020 includes the cumulative-effect adjustment of $1,310, which reflects the increase in the Company's Allowance for Doubtful Accounts as a result of the use of the current expected credit loss model related to the adoption of ASU 2016-13 on January 1, 2020. See Notes 2 and 3 for further information.

(amounts in thousands, except per share amounts, unless otherwise noted)

The change in the balance during the three and nine months ended September 30, 2020 is primarily related to an increase in the current period provision of expected credit losses and the write-off of aged receivables, as well as the impact of the change in the amount of receivables outstanding greater than 120 days at September 30, 2020.

For long-term accounts receivable and long-term contract assets, the Company monitors clients' creditworthiness based on collection experience and other internal metrics. The following table presents the Company's long-term accounts receivable and long-term contract assets from the Company's private and secondary fund advisory businesses as of September 30, 2020, by year of origination:

	Amortized Cost Basis by Origination Year					
	2020	2019	2018	2017	2016	Total
Long-term Accounts Receivable and Long-Term Contract Assets	$ 32,140	$ 20,900	$ 10,845	$ 1,093	$ 412	$ 65,390

Note 5 – Business Developments, Special Charges, Including Business Realignment Costs, and Intangible Asset Amortization

Business Developments

Sale of ECB Trust Business - On July 2, 2020, the Company completed the sale of the trust business of Evercore Casa de Bolsa, S.A. de C.V. ("ECB") (the "ECB Trust Business"), which was a part of its Investment Management segment, for a purchase price of MXN 39,500 ($1,830). As a result of this transaction, the Company deconsolidated assets of $475, representing an allocation of goodwill based on the relative fair value of the business being sold to the total fair value of the Institutional Asset Management reporting unit. This transaction resulted in a pre-tax gain of $1,355 included in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2020.

Special Charges, Including Business Realignment Costs

The Company recognized $7,380 and $39,614 for the three and nine months ended September 30, 2020, respectively, as Special Charges, Including Business Realignment Costs. For the three and nine months ended September 30, 2020, these costs include $7,253 and $37,558, respectively, for separation and transition benefits and related costs as a result of the Company's review of its operations, described below, and $127 and $2,056, respectively, for the acceleration of depreciation expense for leasehold improvements and certain other fixed assets in conjunction with the expansion of the Company's headquarters in New York and the Company's business realignment initiatives.

In the first quarter of 2020, the Company substantially completed a review of operations focused on markets, sectors and people which have delivered lower levels of productivity in an effort to attain greater flexibility of operations and better position itself for future growth. This review, which began in the fourth quarter of 2019, will generate reductions of approximately 8% of the Company's headcount. In conjunction with the employment reductions, the Company is expected to incur aggregate separation and transition benefits (including costs related to the acceleration of deferred compensation) and related costs of approximately $43,000, $37,558 of which has been recorded in Special Charges, Including Business Realignment Costs, in the first nine months of 2020, and $2,850 of which was recorded in 2019. The Company's estimates of charges are based on a number of assumptions. Actual results may differ materially if actual activity deviates from these assumptions.

In connection with its business realignment initiatives, in April 2020, the Company entered into an agreement for the leaders of its business in Mexico to purchase ECB, the Company's Mexico based broker-dealer focused principally on providing Investment Management services, for a purchase price of MXN 35,000. This sale will be completed following regulatory approval. In addition, in October 2020 the Company announced the decision to transition its advisory presence in Mexico to a strategic alliance relationship with a newly-formed independent strategic advisory firm founded by certain former employees.

The Company recognized $1,029 and $3,087 for the three and nine months ended September 30, 2019, respectively, as Special Charges, Including Business Realignment Costs, incurred related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of the Company's headquarters in New York.

(amounts in thousands, except per share amounts, unless otherwise noted)

Intangible Asset Amortization

Expense associated with the amortization of intangible assets for Investment Banking was $169 and $1,183 for the three and nine months ended September 30, 2020, respectively, and $2,190 and $6,570 for the three and nine months ended September 30, 2019, respectively, included within Depreciation and Amortization expense on the Unaudited Condensed Consolidated Statements of Operations. Expense associated with the amortization of intangible assets for Investment Management was $105 and $318 for the three and nine months ended September 30, 2020, respectively, and $109 and $328 for the three and nine months ended September 30, 2019, respectively, included within Depreciation and Amortization expense on the Unaudited Condensed Consolidated Statements of Operations.

Note 6 – Related Parties

Investment Banking Revenue includes advisory fees earned from clients that have Senior Managing Directors and certain Senior Advisors and executives as a member of their Board of Directors of $4,859 and $13,628 for the three and nine months ended September 30, 2020, respectively.

Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition includes the long-term portion of loans receivable from certain employees of $11,060 and $13,137 as of September 30, 2020 and December 31, 2019, respectively. See Note 16 for further information.

Note 7 – Investment Securities and Certificates of Deposit

The Company's Investment Securities and Certificates of Deposit as of September 30, 2020 and December 31, 2019 were as follows:

	September 30, 2020				December 31, 2019			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt Securities	$ —	$ —	$ —	$ —	$ 114,204	$ 591	$ 11	$ 114,784
Equity Securities	666	—	322	344	666	—	168	498
Debt Securities Carried by Broker-Dealers	4,806	—	55	4,751	225,727	1,648	20	227,355
Investment Funds	87,794	7,957	—	95,751	58,704	7,809	—	66,513
Total Investment Securities (carried at fair value)	$ 93,266	$ 7,957	$ 377	$ 100,846	$ 399,301	$ 10,048	$ 199	$ 409,150
Certificates of Deposit (carried at contract value)				—				214,796
Total Investment Securities and Certificates of Deposit				$ 100,846				$ 623,946

Scheduled maturities of the Company's available-for-sale debt securities as of September 30, 2020 and December 31, 2019 were as follows:

	September 30, 2020		December 31, 2019	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ —	$ —	$ 108,662	$ 109,217
Due after one year through five years	—	—	5,542	5,567
Total	$ —	$ —	$ 114,204	$ 114,784

Debt Securities

Debt Securities are classified as available-for-sale securities within Investment Securities and Certificates of Deposit on the Unaudited Condensed Consolidated Statements of Financial Condition. These securities are stated at fair value with unrealized gains and losses included in Accumulated Other Comprehensive Income (Loss) and realized gains and losses included in earnings.

The Company had net realized gains (losses) of $2 and $75 for the three and nine months ended September 30, 2020, respectively, and ($3) and ($9) for the three and nine months ended September 30, 2019, respectively.

Equity Securities

Equity Securities are carried at fair value with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. The Company had net realized and unrealized gains (losses) of $92 and ($154) for the three and nine months ended September 30, 2020, respectively, and $30 and $223 for the three and nine months ended September 30, 2019, respectively.

Debt Securities Carried by Broker-Dealers

EGL and other broker-dealers invest in fixed income portfolios consisting primarily of U.S. Treasury bills, municipal bonds and other debt securities. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations, as required for broker-dealers in securities. The Company had net realized and unrealized gains (losses) of ($1,240) for the nine months ended September 30, 2020 and ($55) and $459 for the three and nine months ended September 30, 2019, respectively.

Investment Funds

The Company invests in a portfolio of exchange-traded funds and mutual funds as an economic hedge against the Company's deferred cash compensation program. See Note 16 for further information. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. The Company had net realized and unrealized gains of $7,798 and $5,008 for the three and nine months ended September 30, 2020, respectively, and $532 and $9,231 for the three and nine months ended September 30, 2019, respectively.

In February 2020, the Company entered into four-month futures contracts on a stock index fund, with a notional amount of $38,908, as an economic hedge against the Company's deferred cash compensation program. These contracts settled in June 2020. See Note 17 for further information.

In April 2019, the Company entered into three-month futures contracts on a stock index fund with a notional amount of $14,815 for $680, as an economic hedge against the Company's deferred cash compensation program. These contracts settled in June 2019. See Note 17 for further information.

Certificates of Deposit

At December 31, 2019, the Company held certificates of deposit of $214,796 with certain banks with original maturities of six months or less when purchased. These certificates of deposit matured in January 2020.

Note 8 – Financial Instruments Owned and Pledged as Collateral at Fair Value, Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

The Company, through ECB, enters into repurchase agreements with clients seeking overnight money market returns whereby ECB transfers to the clients Mexican government securities in exchange for cash and concurrently agrees to repurchase the securities at a future date for an amount equal to the cash exchanged plus a stipulated premium or interest factor. ECB deploys the cash received from, and acquires the securities deliverable to, clients under these repurchase arrangements by purchasing securities in the open market, which the Company reflects as Financial Instruments Owned and Pledged as Collateral at Fair Value on the Unaudited Condensed Consolidated Statements of Financial Condition, or by entering into reverse repurchase agreements with unrelated third parties. The Company accounts for these repurchase and reverse repurchase agreements as collateralized financing transactions, which are carried at their contract amounts, which approximate fair value given that the contracts mature the following business day. The Company records a liability on its Unaudited Condensed Consolidated Statements of Financial Condition in relation to repurchase transactions executed with clients as Securities Sold Under Agreements to Repurchase. The Company records as assets on its Unaudited Condensed Consolidated Statements of Financial Condition, Financial Instruments Owned and Pledged as Collateral at Fair Value (where the Company has acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and Securities Purchased Under Agreements to Resell (where the Company has acquired the securities deliverable to clients under these repurchase agreements by entering into reverse repurchase agreements with unrelated third parties). These Mexican government securities had an estimated average time to maturity of approximately 1.2 years, as of September 30, 2020, and are pledged as collateral against repurchase agreements. Generally, collateral is posted equal to the contract value at inception and is subject to market changes. These repurchase agreements are primarily with institutional customer accounts managed by ECB and permit the counterparty to pledge the securities.

(amounts in thousands, except per share amounts, unless otherwise noted)

ECB has procedures in place to monitor the daily risk limits for positions taken, as well as the credit risk based on the collateral pledged under these agreements against their contract value from inception to maturity date. The daily risk measure is Value at Risk ("VaR"), which is a statistical measure, at a 98% confidence level, of the potential daily losses from adverse market movements in an ordinary market environment based on a historical simulation using the prior year's historical data. ECB's Risk Management Committee (the "Committee") has established a policy to maintain VaR at levels below 0.1% of the value of the portfolio. If at any point in time the threshold is exceeded, ECB personnel are alerted by an automated interface with ECB's trading systems and begin to make adjustments in the portfolio in order to mitigate the risk and bring the portfolio in compliance. Concurrently, ECB personnel must notify the Committee of the variance and the actions taken to reduce the exposure to loss.

In addition to monitoring VaR, ECB periodically performs discrete stress tests ("Stress Tests") to assure that the level of potential losses that would arise from extreme market movements that may not be anticipated by VaR measures are within acceptable levels.

As of September 30, 2020 and December 31, 2019, a summary of the Company's assets, liabilities and collateral received or pledged related to these transactions was as follows:

	September 30, 2020		December 31, 2019	
	Asset (Liability) Balance	Market Value of Collateral Received or (Pledged)	Asset (Liability) Balance	Market Value of Collateral Received or (Pledged)
Assets				
Financial Instruments Owned and Pledged as Collateral at Fair Value	$ 13,279		$ 12,431	
Securities Purchased Under Agreements to Resell	8,766	$ 8,763	13,566	$ 13,572
Total Assets	$ 22,045		$ 25,997	
Liabilities				
Securities Sold Under Agreements to Repurchase	$ (22,050)	$ (22,057)	$ (26,000)	$ (25,992)

Note 9 – Investments

The Company's investments reported on the Unaudited Condensed Consolidated Statements of Financial Condition consist of investments in unconsolidated affiliated companies, other investments in private equity partnerships, equity securities in private companies and investments in G5 Holdings S.A. ("G5"), Glisco Manager Holdings LP and Trilantic Capital Partners ("Trilantic"). The Company's investments are relatively high-risk and illiquid assets.

The Company's investments in ABS Investment Management Holdings, LP and ABS Investment Management GP LLC (collectively, "ABS"), Atalanta Sosnoff Capital, LLC ("Atalanta Sosnoff") and Luminis Partners ("Luminis") are in voting interest entities. The Company's share of earnings (losses) on these investments is included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

The Company also has investments in private equity partnerships which consist of investment interests in private equity funds which are voting interest entities. Realized and unrealized gains and losses on the private equity investments are included within Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations.

Equity Method Investments

A summary of the Company's investments accounted for under the equity method of accounting as of September 30, 2020 and December 31, 2019 was as follows:

	September 30, 2020	December 31, 2019
ABS	$ 37,310	$ 40,052
Atalanta Sosnoff	12,268	12,300
Luminis	5,522	4,923
Total	$ 55,100	$ 57,275

ABS

On December 29, 2011, the Company made an investment accounted for under the equity method of accounting in ABS Investment Management, LLC. Effective as of September 1, 2018, ABS Investment Management, LLC underwent an internal reorganization pursuant to which the Company contributed its ownership interest in ABS Investment Management, LLC to ABS in exchange for ownership interests in ABS Investment Management Holdings LP and ABS Investment Management GP LLC. Taken together, the ownership interests in ABS Investment Management Holdings LP and ABS Investment Management GP LLC are substantially equivalent to the contributed ownership interests in ABS Investment Management, LLC. At September 30, 2020, the Company's economic ownership interest in ABS was 46%. This investment resulted in earnings of $1,917 and $5,740 for the three and nine months ended September 30, 2020, respectively, and $1,936 and $5,588 for the three and nine months ended September 30, 2019, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Atalanta Sosnoff

On December 31, 2015, the Company amended the Operating Agreement with Atalanta Sosnoff and deconsolidated its assets and liabilities, accounting for its interest under the equity method of accounting from that date forward. At September 30, 2020, the Company's economic ownership interest in Atalanta Sosnoff was 49%. This investment resulted in earnings of $624 and $1,641 for the three and nine months ended September 30, 2020, respectively, and $344 and $882 for the three and nine months ended September 30, 2019, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Luminis

On January 1, 2017, the Company acquired an interest in Luminis and accounted for its interest under the equity method of accounting. At September 30, 2020, the Company's ownership interest in Luminis was 20%. This investment resulted in earnings of $570 and $1,171 for the three and nine months ended September 30, 2020, respectively, and $282 and $756 for the three and nine months ended September 30, 2019, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Other

The Company allocates the purchase price of its equity method investments, in part, to the inherent finite-lived identifiable intangible assets of the investees. The Company's share of the earnings of the investees has been reduced by the amortization of these identifiable intangible assets of $79 and $237 for the three and nine months ended September 30, 2020, respectively, and $171 and $513 for the three and nine months ended September 30, 2019, respectively.

The Company assesses its equity method investments for impairment annually, or more frequently if circumstances indicate impairment may have occurred.

Debt Security Investment

On December 31, 2017, the Company exchanged all of its outstanding equity interests in G5 for debentures of G5. The Company records its investment in G5 as a held-to-maturity debt security within Investments on the Unaudited Condensed Consolidated Statements of Financial Condition. The securities are mandatorily redeemable on December 31, 2027, or earlier, subject to the occurrence of certain events. The Company is accreting its investment to its redemption value ratably, or on an accelerated basis if certain revenue thresholds are met by G5, from December 31, 2017 to December 31, 2027. This investment is subject to currency translation from Brazilian real to the U.S. dollar, included in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. This investment had a balance of $6,684 and $9,235 as of September 30, 2020 and December 31, 2019, respectively.

Investments in Private Equity

Private Equity Funds

The Company's investments related to private equity partnerships and associated entities include investments in Glisco Partners II, L.P. ("Glisco II"), Glisco Partners III, L.P. ("Glisco III"), Glisco Capital Partners IV ("Glisco IV"), Trilantic Capital Partners Associates IV, L.P. ("Trilantic IV"), Trilantic Capital Partners V, L.P. ("Trilantic V") and Trilantic Capital Partners VI (North America), L.P. ("Trilantic VI"). Portfolio holdings of the private equity funds are carried at fair value. Accordingly, the

(amounts in thousands, except per share amounts, unless otherwise noted)

Company reflects its pro rata share of unrealized gains and losses occurring from changes in fair value. Additionally, the Company reflects its pro rata share of realized gains, losses and carried interest associated with any investment realizations.

A summary of the Company's investments in the private equity funds as of September 30, 2020 and December 31, 2019 was as follows:

	September 30, 2020	December 31, 2019
Glisco II, Glisco III and Glisco IV	$ 2,695	$ 3,820
Trilantic IV, Trilantic V and Trilantic VI	9,034	9,727
Total Private Equity Funds	$ 11,729	$ 13,547

Net realized and unrealized gains (losses) on private equity fund investments were $697 and ($1,646) for the three and nine months ended September 30, 2020, respectively, and ($49) and ($176) for the three and nine months ended September 30, 2019, respectively. In the event the funds perform poorly, the Company may be obligated to repay certain carried interest previously distributed. As of September 30, 2020, $347 of previously distributed carried interest received from the funds was subject to repayment.

General Partners of Private Equity Funds which are VIEs

Following the Glisco transaction, the Company concluded that Glisco Capital Partners II, Glisco Capital Partners III and Glisco Manager Holdings LP are VIEs and that the Company is not the primary beneficiary of these VIEs. The Company's assessment of the primary beneficiary of these entities included assessing which parties have the power to significantly impact the economic performance of these entities and the obligation to absorb losses, which could be potentially significant to the entities, or the right to receive benefits from the entities that could be potentially significant. Neither the Company nor its related parties will have the ability to make decisions that significantly impact the economic performance of these entities. Further, as a limited partner in these entities, the Company does not possess substantive participating rights. The Company had assets of $2,975 and $4,658 included in its Unaudited Condensed Consolidated Statements of Financial Condition at September 30, 2020 and December 31, 2019, respectively, related to these unconsolidated VIEs, representing the carrying value of the Company's investments in the entities. The Company's exposure to the obligations of these VIEs is generally limited to its investments in these entities. The Company's maximum exposure to loss as of September 30, 2020 and December 31, 2019 was $5,483 and $8,810, respectively, which represents the carrying value of the Company's investments in these VIEs, as well as any unfunded commitments to the current and future funds.

Investment in Trilantic Capital Partners

In 2010, the Company made a limited partnership investment in Trilantic in exchange for 500 Class A partnership units of Evercore LP ("Class A LP Units") having a fair value of $16,090. This investment gave the Company the right to invest in Trilantic's current and future private equity funds, beginning with Trilantic Fund IV. The Company accounts for this investment at its cost minus impairment, if any, plus or minus changes resulting from observable price changes. The Company allocates the cost of this investment to its investments in current and future Trilantic funds as the Company satisfies the capital calls of these funds. The Company bases this allocation on its expectation of Trilantic's future fundraising ability and performance. During the nine months ended September 30, 2020, $14 and $110 of this investment was allocated to Trilantic Fund V and VI, respectively. From 2010 to 2019, $1,178, $5,135 and $3,015 of this investment was allocated to Trilantic Fund IV, V and VI, respectively. This investment had a balance of $6,638 and $6,762 as of September 30, 2020 and December 31, 2019, respectively. The Company has a $5,000 commitment to invest in Trilantic Fund V, of which $376 was unfunded at September 30, 2020. The Company also has a $12,000 commitment to invest in Trilantic Fund VI, of which $9,054 was unfunded at September 30, 2020. The Company funded $3,015 of the commitment to invest in Trilantic Fund VI during the nine months ended September 30, 2019.

Other Investments

In 2015, the Company received an equity security in a private company in exchange for advisory services. This investment is accounted for at its cost minus impairment, if any, plus or minus changes resulting from observable price changes and had a balance of $1,079 as of September 30, 2020 and December 31, 2019.

In May 2019, the Company received preferred equity securities in a private company in exchange for advisory services. This investment is accounted for at its cost minus impairment, if any, plus or minus changes resulting from observable price changes and had a balance of $645 and $693 as of September 30, 2020 and December 31, 2019, respectively.

Following the Glisco transaction in 2016, the Company recorded an investment in Glisco Manager Holdings LP representing the fair value of the deferred consideration resulting from this transaction. This investment is accounted for at its cost minus impairment, if any, plus or minus changes resulting from observable price changes. The Company amortizes the balance of its investment as distributions are received related to the deferred consideration. This investment had a balance of $387 and $899 as of September 30, 2020 and December 31, 2019, respectively.

Note 10 – Leases

Operating Leases – The Company leases office space under non-cancelable lease agreements, which expire on various dates through 2035. The lease terms include options to extend the lease when it is reasonably certain that the Company will exercise that option. The Company reflects lease expense over the lease terms on a straight-line basis. Occupancy lease agreements, in addition to base rentals, generally are subject to escalation provisions based on certain costs incurred by the landlord. The Company does not have any leases with variable lease payments. Occupancy and Equipment Rental on the Unaudited Condensed Consolidated Statements of Operations includes operating lease cost for office space of $12,248 and $36,272 for the three and nine months ended September 30, 2020, respectively, and $10,649 and $30,992 for the three and nine months ended September 30, 2019, respectively, and variable lease cost of $1,841 and $4,696 for the three and nine months ended September 30, 2020, respectively, and $1,754 and $6,572 for the three and nine months ended September 30, 2019, respectively.

On July 1, 2018, the Company entered into a new lease agreement for office space at its headquarters at 55 East 52nd St., New York, New York. Under the terms of the agreement, the Company committed to extend the lease term for the Company's current space and add space on up to seven additional floors, three of which commenced as of the lease's effective date. The Company anticipates that it will take possession of the remainder of these floors over the next three years. On December 6, 2019, the lease was modified to add an additional floor and to extend the lease term for all current and prospective space to end on December 31, 2035.

In conjunction with the lease of office space, the Company has entered into letters of credit in the amounts of $5,549 and $5,536, as of September 30, 2020 and December 31, 2019, respectively, which are secured by cash that is included in Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition.

The Company has entered into various operating leases for the use of office equipment (primarily computers, printers, copiers and other information technology related equipment). Occupancy and Equipment Rental on the Unaudited Condensed Consolidated Statements of Operations includes operating lease cost for office equipment of $1,170 and $3,497 for the three and nine months ended September 30, 2020, respectively, and $1,132 and $3,059 for the three and nine months ended September 30, 2019, respectively.

The Company uses its secured incremental borrowing rate to determine the present value of its right-of-use assets and lease liabilities. The determination of an appropriate incremental borrowing rate requires significant assumptions and judgment. The Company's incremental borrowing rate was calculated based on the Company's recent debt issuances and current market conditions. The Company scales the rates appropriately depending on the life of the leases.

The Company incurred net operating cash outflows of $22,469 and $15,778 for the nine months ended September 30, 2020 and 2019, respectively, related to its operating leases, which were net of cash received from lease incentives of $10,267 and $12,854, respectively.

Other information as it relates to the Company's operating leases is as follows:

(amounts in thousands, except per share amounts, unless otherwise noted)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
New Right-of-Use Assets obtained in exchange for new operating lease liabilities	$ 19,818	$ 13,598	$ 107,986	$ 28,909

	September 30, 2020	September 30, 2019
Weighted-average remaining lease term - operating leases	11.5 years	9.0 years
Weighted-average discount rate - operating leases	4.11%	5.53%

As of September 30, 2020, the maturities of the undiscounted operating lease liabilities for which the Company has commenced use are as follows:

2020 (October 1 through December 31)	$ 12,472
2021	52,192
2022	51,660
2023	36,560
2024	29,595
Thereafter	277,230
Total lease payments	459,709
Less: Tenant Improvement Allowances	(18,586)
Less: Imputed Interest	(97,380)
Present value of lease liabilities	343,743
Less: Current lease liabilities	(41,018)
Long-term lease liabilities	$ 302,725

In conjunction with the lease agreement to expand its headquarters at 55 East 52nd St., New York, New York, and lease agreements at certain other locations, the Company entered into leases for office space which have not yet commenced and thus are not yet included on the Company's Unaudited Condensed Consolidated Statements of Financial Condition as right-of-use assets and lease liabilities. The Company anticipates that it will take possession of these spaces by the end of 2023. These spaces will have lease terms of 3 to 13 years once the Company has taken possession. The additional future payments under these arrangements are $197,835 as of September 30, 2020.

Note 11 – Fair Value Measurements

ASC 820 establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily-available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities, listed derivatives and treasury bills. As required by ASC 820, the Company does not adjust the quoted price for these investments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The estimated fair values of corporate bonds, municipal bonds and other debt securities held at December 31, 2019 are based on prices provided by external pricing services.

(amounts in thousands, except per share amounts, unless otherwise noted)

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The following table presents the categorization of investments and certain other financial assets measured at fair value on a recurring basis as of September 30, 2020 and December 31, 2019:

	September 30, 2020			
	Level I	Level II	Level III	Total
Debt Securities Carried by Broker-Dealers(1)	$ 219,849	$ —	$ —	$ 219,849
Other Debt and Equity Securities(2)	10,243	—	—	10,243
Investment Funds	95,751	—	—	95,751
Financial Instruments Owned and Pledged as Collateral at Fair Value	13,279	—	—	13,279
Total Assets Measured At Fair Value	$ 339,122	$ —	$ —	$ 339,122

	December 31, 2019			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities Carried by Broker-Dealers	$ 168,650	$ 58,705	$ —	$ 227,355
Other Debt and Equity Securities(2)	111,823	6,449	—	118,272
Investment Funds	66,513	—	—	66,513
Financial Instruments Owned and Pledged as Collateral at Fair Value	12,431	—	—	12,431
Total Assets Measured At Fair Value	$ 359,417	$ 65,154	$ —	$ 424,571

(1) Includes $215,098 of treasury bills classified within Cash and Cash Equivalents on the Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2020.
(2) Includes $9,899 and $2,990 of treasury bills and notes and municipal bonds classified within Cash and Cash Equivalents on the Unaudited Condensed Consolidated Statements of Financial Condition as of September 30, 2020 and December 31, 2019, respectively.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

During the fourth quarter of 2019, the Company determined that the fair value of the Institutional Asset Management reporting unit was $8,777. The fair value of the reporting unit was estimated by utilizing a discounted cash flow methodology based on adjusted cash flows from operations. Goodwill is measured at fair value on a non-recurring basis as a Level III asset.

The carrying amount and estimated fair value of the Company's financial instrument assets and liabilities, which are not measured at fair value on the Unaudited Condensed Consolidated Statements of Financial Condition, are listed in the tables below.

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	Carrying Amount	September 30, 2020 Estimated Fair Value			
		Level I	Level II	Level III	Total
Financial Assets:					
Cash and Cash Equivalents	$ 924,294	$ 924,294	$ —	$ —	$ 924,294
Debt Security Investment	6,684	—	—	6,684	6,684
Securities Purchased Under Agreements to Resell	8,766	—	8,766	—	8,766
Receivables[(1)]	345,331	—	342,398	—	342,398
Contract Assets[(2)]	21,697	—	21,517	—	21,517
Receivable from Employees and Related Parties	25,900	—	25,900	—	25,900
Closely-held Equity Securities	1,724	—	—	1,724	1,724
Financial Liabilities:					
Accounts Payable and Accrued Expenses	$ 41,084	$ —	$ 41,084	$ —	$ 41,084
Securities Sold Under Agreements to Repurchase	22,050	—	22,050	—	22,050
Payable to Employees and Related Parties	21,512	—	21,512	—	21,512
Notes Payable[(3)]	374,510	—	400,507	—	400,507

	Carrying Amount	December 31, 2019 Estimated Fair Value			
		Level I	Level II	Level III	Total
Financial Assets:					
Cash and Cash Equivalents	$ 630,818	$ 630,818	$ —	$ —	$ 630,818
Certificates of Deposit	214,796	—	214,796	—	214,796
Debt Security Investment	9,235	—	—	9,235	9,235
Securities Purchased Under Agreements to Resell	13,566	—	13,566	—	13,566
Receivables[(1)]	359,909	—	357,047	—	357,047
Contract Assets[(2)]	34,029	—	33,854	—	33,854
Receivable from Employees and Related Parties	22,416	—	22,416	—	22,416
Closely-held Equity Securities	1,772	—	—	1,772	1,772
Financial Liabilities:					
Accounts Payable and Accrued Expenses	$ 39,726	$ —	$ 39,726	$ —	$ 39,726
Securities Sold Under Agreements to Repurchase	26,000	—	26,000	—	26,000
Payable to Employees and Related Parties	31,703	—	31,703	—	31,703
Notes Payable	375,062	—	382,274	—	382,274

(1) Includes Accounts Receivable, as well as long-term receivables, which are included in Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition.
(2) Includes current and long-term contract assets included in Other Current Assets and Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition.
(3) Includes current and long-term Notes Payable included in Current Portion of Notes Payable and Notes Payable on the Unaudited Condensed Consolidated Statements of Financial Condition.

Note 12 – Notes Payable

On March 30, 2016, the Company issued an aggregate of $170,000 of senior notes, including: $38,000 aggregate principal amount of its 4.88% Series A senior notes due 2021 (the "Series A Notes"), $67,000 aggregate principal amount of its 5.23% Series B senior notes due 2023 (the "Series B Notes"), $48,000 aggregate principal amount of its 5.48% Series C senior notes due 2026 (the "Series C Notes") and $17,000 aggregate principal amount of its 5.58% Series D senior notes due 2028 (the "Series D Notes" and together with the Series A Notes, the Series B Notes and the Series C Notes, the "2016 Private Placement Notes"), pursuant to a note purchase agreement (the "2016 Note Purchase Agreement") dated as of March 30, 2016, among the Company and the purchasers party thereto in a private placement exempt from registration under the Securities Act of 1933.

Interest on the 2016 Private Placement Notes is payable semi-annually and the 2016 Private Placement Notes are guaranteed by certain of the Company's domestic subsidiaries. The Company may, at its option, prepay all, or from time to time any part of, the 2016 Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the 2016 Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the 2016 Private Placement Notes will have the right to require the Company to prepay the entire unpaid principal amounts held by each holder of the 2016 Private Placement Notes plus accrued and unpaid interest to the prepayment date. The 2016 Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio, a minimum tangible net worth and a minimum interest coverage ratio, and customary events of default. As of September 30, 2020, the Company was in compliance with all of these covenants.

On August 1, 2019, the Company issued $175,000 and £25,000 of senior unsecured notes through private placement. These notes reflect a weighted average life of 12 years and a weighted average stated interest rate of 4.26%. These notes include: $75,000 aggregate principal amount of its 4.34% Series E senior notes due 2029 (the "Series E Notes"), $60,000 aggregate principal amount of its 4.44% Series F senior notes due 2031 (the "Series F Notes"), $40,000 aggregate principal amount of its 4.54% Series G senior notes due 2033 (the "Series G Notes") and £25,000 aggregate principal amount of its 3.33% Series H senior notes due 2033 (the "Series H Notes" and together with the Series E Notes, the Series F Notes and the Series G Notes, the "2019 Private Placement Notes"), each of which were issued pursuant to a note purchase agreement dated as of August 1, 2019 (the "2019 Note Purchase Agreement"), among the Company and the purchasers party thereto in a private placement exempt from registration under the Securities Act of 1933.

Interest on the 2019 Private Placement Notes is payable semi-annually and the 2019 Private Placement Notes are guaranteed by certain of the Company's domestic subsidiaries. The Company may, at its option, prepay all, or from time to time any part of, the 2019 Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the 2019 Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the 2019 Private Placement Notes will have the right to require the Company to prepay the entire unpaid principal amounts held by each holder of the 2019 Private Placement Notes plus accrued and unpaid interest to the prepayment date. The 2019 Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio and a minimum tangible net worth, and customary events of default. As of September 30, 2020, the Company was in compliance with all of these covenants.

(amounts in thousands, except per share amounts, unless otherwise noted)

Notes Payable is comprised of the following as of September 30, 2020 and December 31, 2019:

Note	Maturity Date	Effective Annual Interest Rate	Carrying Value[(a)] September 30, 2020	Carrying Value[(a)] December 31, 2019
Evercore Inc. 4.88% Series A Senior Notes	3/30/2021	5.16%	$ 37,948	$ 37,873
Evercore Inc. 5.23% Series B Senior Notes	3/30/2023	5.44%	66,671	66,581
Evercore Inc. 5.48% Series C Senior Notes	3/30/2026	5.64%	47,636	47,595
Evercore Inc. 5.58% Series D Senior Notes	3/30/2028	5.72%	16,854	16,842
Evercore Inc. 4.34% Series E Senior Notes	8/1/2029	4.46%	74,321	74,282
Evercore Inc. 4.44% Series F Senior Notes	8/1/2031	4.55%	59,446	59,422
Evercore Inc. 4.54% Series G Senior Notes	8/1/2033	4.64%	39,625	39,613
Evercore Inc. 3.33% Series H Senior Notes	8/1/2033	3.42%	32,009	32,854
Total			$ 374,510	$ 375,062
Less: Current Portion of Notes Payable			(37,948)	—
Notes Payable			$ 336,562	$ 375,062

(a) Carrying value has been adjusted to reflect the presentation of debt issuance costs as a direct reduction from the related liability.

Note 13 – Evercore Inc. Stockholders' Equity

Dividends – The Company's Board of Directors declared on October 20, 2020, a quarterly cash dividend of $0.61 per share, to the holders of record of shares of Class A common stock ("Class A Shares") as of November 27, 2020, which will be paid on December 11, 2020. During the three and nine months ended September 30, 2020, the Company declared and paid dividends of $0.58 and $1.74 per share, respectively, totaling $23,586 and $70,348, respectively, and accrued deferred cash dividends on unvested restricted stock units ("RSUs"), totaling $3,348 and $10,266, respectively. The Company also paid deferred cash dividends of $182 and $10,949 during the three and nine months ended September 30, 2020, respectively. During the three and nine months ended September 30, 2019, the Company declared and paid dividends of $0.58 and $1.66 per share, respectively, totaling $22,944 and $66,673, respectively, and accrued deferred cash dividends on unvested RSUs, totaling $3,778 and $10,903, respectively. The Company also paid deferred cash dividends of $134 and $7,202 during the three and nine months ended September 30, 2019, respectively.

Treasury Stock – During the three months ended September 30, 2020, the Company purchased 16 Class A Shares from employees at market values ranging from $54.81 to $65.34 per share (at an average cost per share of $58.37), primarily for the net settlement of stock-based compensation awards. The result of these purchases was an increase in Treasury Stock of $927 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2020.

During the nine months ended September 30, 2020, the Company purchased 1,033 Class A Shares primarily from employees at market values ranging from $38.23 to $81.31 per share (at an average cost per share of $76.18), primarily for the net settlement of stock-based compensation awards, and 854 Class A Shares at market values ranging from $58.28 to $81.96 per share (at an average cost per share of $75.93) pursuant to the Company's share repurchase program. The aggregate 1,887 Class A Shares were purchased at an average cost per share of $76.07, and the result of these purchases was an increase in Treasury Stock of $143,487 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2020.

LP Units – During the three and nine months ended September 30, 2020, 0.2 and 807 Evercore LP partnership units ("LP Units"), respectively, were exchanged for Class A Shares. This resulted in increases to Common Stock of $8 for the nine months ended September 30, 2020, and Additional Paid-In-Capital of $8 and $33,762 for the three and nine months ended September 30, 2020, respectively, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2020.

Accumulated Other Comprehensive Income (Loss) – As of September 30, 2020, Accumulated Other Comprehensive Income (Loss) on the Company's Unaudited Condensed Consolidated Statement of Financial Condition includes an accumulated Unrealized Gain (Loss) on Securities and Investments, net, and Foreign Currency Translation Adjustment Gain (Loss), net, of ($5,473) and ($25,930), respectively.

(amounts in thousands, except per share amounts, unless otherwise noted)

Note 14 – Noncontrolling Interest

Noncontrolling Interest recorded in the unaudited condensed consolidated financial statements of the Company relates to the following approximate interests in certain consolidated subsidiaries, which are not owned by the Company. In circumstances where the governing documents of the entity to which the noncontrolling interest relates require special allocations of profits or losses to the controlling and noncontrolling interest holders, the net income or loss of these entities is allocated based on these special allocations.

	September 30,	
	2020	2019
Subsidiary:		
Evercore LP	11%	12%
Evercore Wealth Management ("EWM")(1)	24%	20%
Real Estate Capital Advisory ("RECA")(2)	38%	38%

(1) Noncontrolling Interests represent a blended rate for multiple classes of interests in EWM.
(2) Noncontrolling Interests represent the Class R Interests of Private Capital Advisory L.P.

The Noncontrolling Interests for Evercore LP, EWM and RECA have rights, in certain circumstances, to convert into Class A Shares.

Changes in Noncontrolling Interest for the three and nine months ended September 30, 2020 and 2019 were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Beginning balance	$ 231,622	$ 236,549	$ 256,534	$ 249,819
Comprehensive Income:				
Net Income Attributable to Noncontrolling Interest	8,510	9,226	27,031	35,709
Other Comprehensive Income (Loss)	986	(502)	(781)	(766)
Total Comprehensive Income	9,496	8,724	26,250	34,943
Evercore LP Units Exchanged for Class A Shares	(8)	(1,010)	(33,762)	(12,187)
Amortization and Vesting of LP Units	4,231	6,993	9,926	19,109
Other Items:				
Distributions to Noncontrolling Interests	(9,253)	(13,251)	(23,262)	(44,947)
Issuance of Noncontrolling Interest	—	600	540	3,301
Purchase of Noncontrolling Interest	—	—	(138)	(11,433)
Total Other Items	(9,253)	(12,651)	(22,860)	(53,079)
Ending balance	$ 236,088	$ 238,605	$ 236,088	$ 238,605

Other Comprehensive Income – Other Comprehensive Income (Loss) attributed to Noncontrolling Interest includes Unrealized Gains (Losses) on Securities and Investments, net, of ($3) and ($254) for the three and nine months ended September 30, 2020, respectively, and ($7) and ($105) for the three and nine months ended September 30, 2019, respectively, and Foreign Currency Translation Adjustment Gains (Losses), net, of $989 and ($527) for the three and nine months ended September 30, 2020, respectively, and ($495) and ($661) for the three and nine months ended September 30, 2019, respectively.

LP Units Exchanged – During the three and nine months ended September 30, 2020, 0.2 and 807 LP Units, respectively, were exchanged for Class A Shares. This resulted in decreases to Noncontrolling Interest and increases to Additional-Paid-In-Capital of $8 and $33,762 for the three and nine months ended September 30, 2020, respectively, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2020. See Note 13 for further information.

Interests Purchased – During the first quarter of 2020, the Company purchased, at fair value, an additional 1% of the EWM Class A Units for $1,703 (which was paid in cash of $852 during the nine months ended September 30, 2020 and through the issuance of notes payable of $851, included within Other Current Liabilities on the Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2020). This purchase resulted in a decrease to Noncontrolling Interest of $138 and a decrease to Additional Paid-In-Capital of $1,565, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2020.

On May 31, 2019, the Company purchased, at fair value, the remaining 10% of the Private Capital Advisory L.P. Common Interests for $28,382. This purchase resulted in a decrease to Noncontrolling Interest of $6,674 and a decrease to Additional Paid-In-Capital of $21,708, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2019.

On May 31, 2019, the Company also purchased, at fair value, an additional 17% of the EWM Class A Units for $24,533 (in cash of $21,832 and the issuance of 31 Class A LP Units having a fair value of $2,701). This purchase resulted in a net decrease to Noncontrolling Interest of $4,759 and a decrease to Additional Paid-In-Capital of $19,774, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2019.

Note 15 – Net Income Per Share Attributable to Evercore Inc. Common Shareholders

The calculations of basic and diluted net income per share attributable to Evercore Inc. common shareholders for the three and nine months ended September 30, 2020 and 2019 are described and presented below.

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	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Basic Net Income Per Share Attributable to Evercore Inc. Common Shareholders				
Numerator:				
Net income attributable to Evercore Inc. common shareholders	$ 42,610	$ 43,278	$ 130,197	$ 192,252
Denominator:				
Weighted average Class A Shares outstanding, including vested RSUs	40,694	39,704	40,441	40,246
Basic net income per share attributable to Evercore Inc. common shareholders	$ 1.05	$ 1.09	$ 3.22	$ 4.78
Diluted Net Income Per Share Attributable to Evercore Inc. Common Shareholders				
Numerator:				
Net income attributable to Evercore Inc. common shareholders	$ 42,610	$ 43,278	$ 130,197	$ 192,252
Noncontrolling interest related to the assumed exchange of LP Units for Class A Shares	(b)	(b)	(b)	(b)
Associated corporate taxes related to the assumed elimination of Noncontrolling Interest described above	(b)	(b)	(b)	(b)
Diluted net income attributable to Evercore Inc. common shareholders	$ 42,610	$ 43,278	$ 130,197	$ 192,252
Denominator:				
Weighted average Class A Shares outstanding, including vested RSUs	40,694	39,704	40,441	40,246
Assumed exchange of LP Units for Class A Shares(a)(b)	—	648	96	756
Additional shares of the Company's common stock assumed to be issued pursuant to non-vested RSUs and deferred consideration, as calculated using the Treasury Stock Method	1,249	2,037	1,248	2,035
Shares that are contingently issuable(c)	400	400	400	400
Diluted weighted average Class A Shares outstanding	42,343	42,789	42,185	43,437
Diluted net income per share attributable to Evercore Inc. common shareholders	$ 1.01	$ 1.01	$ 3.09	$ 4.43

(a) The Company previously had outstanding Class J limited partnership units of Evercore LP ("Class J LP Units"), which converted into Class E limited partnership units of Evercore LP ("Class E LP Units") and ultimately became exchangeable into Class A Shares on a one-for-one basis. As of September 30, 2020, no Class J LP Units remained issued or outstanding. See Note 16 for further information. During the nine months ended September 30, 2020 and the three and nine months ended September 30, 2019, the Class J LP Units were dilutive and consequently the effect of their exchange into Class A Shares has been included in the calculation of diluted net income per share attributable to Evercore Inc. common shareholders under the if-converted method. In computing this adjustment, the Company assumes that all Class J LP Units are converted into Class A Shares.

(b) The Company has outstanding Class A and E LP Units, which give the holders the right to receive Class A Shares upon exchange on a one-for-one basis. During the three and nine months ended September 30, 2020 and 2019, the Class A and E LP Units were antidilutive and consequently the effect of their exchange into Class A Shares has been excluded from the calculation of diluted net income per share attributable to Evercore Inc. common shareholders. The units that would have been included in the denominator of the computation of diluted net income per share attributable to Evercore Inc. common shareholders if the effect would have been dilutive were 5,070 and 5,161 for the three and nine months ended September 30, 2020, respectively, and 5,310 and 5,238 for the three and nine months ended September 30, 2019, respectively. The adjustment to the numerator, diluted net income attributable to Class A common shareholders, if the effect would have been dilutive, would have been $6,560 and $18,990 for the three and nine months ended September 30, 2020, respectively, and $6,804 and $25,996 for the three and nine months ended September 30, 2019, respectively. In computing this adjustment, the Company assumes that all vested Class A LP Units and all Class E LP Units are converted into Class A Shares, that all earnings attributable to those shares are attributed to Evercore Inc. and that the Company is subject to the statutory tax rates of a C-Corporation under a conventional corporate tax structure in the U.S. at prevailing corporate tax rates. The Company does not anticipate that the Class A and E LP Units will result in a dilutive computation in future periods.

(c) The Company has outstanding Class I-P units of Evercore LP ("Class I-P Units") which are contingently exchangeable into Class I limited partnership units of Evercore LP ("Class I LP Units"), and ultimately Class A Shares, and outstanding Class K-P units of Evercore LP ("Class K-P Units") which are contingently exchangeable into Class K limited partnership units of Evercore LP ("Class K LP Units"), and ultimately Class A Shares, as they are subject to certain performance thresholds being achieved. For the purposes of calculating diluted net income per share attributable to Evercore Inc. common shareholders, the Company's Class I-P Units and Class K-P Units are included in diluted weighted average Class A Shares outstanding as of the beginning of the period in which all necessary performance conditions have been satisfied. If all necessary performance conditions have not been satisfied by the end of the period, the number of shares that are included in diluted weighted average Class A Shares outstanding is based on the number of shares that would be issuable if the end of the reporting period were the end of the performance period. The Units that were assumed to be converted to an equal number of Class A Shares for purposes of computing diluted net income per share attributable to Evercore Inc. common shareholders were 400 for each of the three and nine months ended September 30, 2020 and 2019.

The shares of Class B common stock have no right to receive dividends or a distribution on liquidation or winding up of the Company. The shares of Class B common stock do not share in the earnings of the Company and no earnings are allocable to such class. Accordingly, basic and diluted net income per share of Class B common stock have not been presented.

Note 16 – Share-Based and Other Deferred Compensation

LP Units

Equities business – In conjunction with the acquisition of the operating businesses of International Strategy & Investment ("ISI") in 2014, the Company issued Evercore LP units and interests which have been treated as compensation.

In July 2017, the Company exchanged all of the previously outstanding 4,148 Class H limited partnership interests of Evercore LP ("Class H LP Interests") for 1,012 vested (963 of which were subject to certain liquidated damages and continued employment provisions) and 938 unvested Class J LP Units. These units converted into an equal amount of Class E LP Units, and became exchangeable into Class A Shares of the Company, ratably on February 15, 2018, 2019 and 2020. These Class J LP Units had the same vesting and delivery schedule, acceleration and forfeiture triggers, and distribution rights as the Class H LP Interests. In connection with this exchange, one share of Class B common stock has been issued to each holder of Class J LP Units, which entitles each holder to one vote on all matters submitted generally to holders of Class A and Class B common stock for each Class E LP Unit and Class J LP Unit held. As the number of Class J LP Units exchanged was within the number of Class H LP Interests that the Company determined were probable of being exchanged on the date of modification, the Company expensed the previously unrecognized grant date fair value of the Class H LP Interests ratably over the remaining vesting period of the Class J LP Units. Compensation expense related to the Class J LP Units was $1,067 for the nine months ended September 30, 2020, and $4,527 and $12,276 for the three and nine months ended September 30, 2019, respectively.

On February 15, 2020, 223 Class J LP Units vested and were converted to an equal amount of Class E LP Units. Following the conversion, no Class J LP Units remain issued and outstanding.

Other Performance-based Awards – In November 2016, the Company issued 400 Class I-P Units in conjunction with the appointment of the current Co-Chief Executive Officer (then Executive Chairman). These Class I-P Units convert into a specified number of Class I LP Units, which are exchangeable on a one-for-one basis to Class A Shares, contingent on the achievement of certain market and service conditions, subject to vesting upon specified termination events (including retirement, upon satisfying certain eligibility criteria, on or following January 15, 2022, subject to a one year prior written notice requirement) or a change in control. These Class I-P Units are segregated into two groups of 200 units each, with share price threshold vesting conditions which are required to exceed a certain level for 20 consecutive trading days (which were met as of March 31, 2017). The Company determined the fair value of the award to be $24,412 and is expensing the award ratably over the implied service period, which ends on March 1, 2022. As the award contains market-based conditions, the entire expense will be recognized if the award does not vest for any reason other than the service conditions. Compensation expense related to this award was $1,164 and $3,468 for the three and nine months ended September 30, 2020, respectively, and $1,164 and $3,455 for the three and nine months ended September 30, 2019, respectively.

In November 2017, the Company issued 64 Class K-P Units to an employee of the Company. These Class K-P Units convert into a specified number of Class K LP Units (which are exchangeable on a one-for-one basis to Class A Shares), contingent upon the achievement of certain defined benchmark results and continued service through December 31, 2021. An additional 16 Class K-P Units may be issued contingent upon the achievement of certain defined benchmark results (which were probable of achievement as of September 30, 2020) and continued service through December 31, 2021. The Company determined the value of the award probable to vest as of September 30, 2020 to be $6,250 and records expense for these units over the service period.

In June 2019, the Company issued 220 Class K-P Units to an employee of the Company. These Class K-P Units convert into a number of Class K LP Units (which are exchangeable on a one-for-one basis to Class A Shares), contingent and based upon the achievement of certain defined benchmark results and continued service through February 4, 2023 for the first tranche, which consists of 120 Class K-P Units convertible into a number of Class K LP Units, and February 4, 2028 for the second tranche, which consists of 100 Class K-P Units convertible into a number of Class K LP Units. The Company determined the value of the award probable to vest as of September 30, 2020 to be $21,692 and records expense for these units over the service period.

Compensation expense related to the Class K-P Units was $3,066 and $5,392 for the three and nine months ended September 30, 2020, respectively, and $1,277 and $1,911 for the three and nine months ended September 30, 2019, respectively.

Stock Incentive Plan

During the second quarter of 2020, the Company's stockholders approved the Amended and Restated 2016 Evercore Inc. Stock Incentive Plan (the "Amended 2016 Plan"), which amended the prior Amended and Restated 2016 Evercore Inc. Stock Incentive Plan. The Amended 2016 Plan, among other things, authorizes an additional 6,000 shares of the Company's Class A Shares. The Amended 2016 Plan permits the Company to grant to key employees, directors and consultants incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, RSUs and other awards based on the Company's Class A Shares. The Company intends to use newly-issued Class A Shares to satisfy any awards under the Amended 2016 Plan and its predecessor plan. Class A Shares underlying any award granted under the 2016 Plan that expire, terminate or are canceled or satisfied for any reason without being settled in stock again become available for awards under the plans. The total shares available to be granted in the future under the Amended 2016 Plan was 7,030 as of September 30, 2020.

The Company also grants, at its discretion, dividend equivalents, in the form of unvested RSU awards, or deferred cash dividends, concurrently with the payment of dividends to the holders of Class A Shares, on all unvested RSU grants awarded in conjunction with annual bonuses, as well as new hire awards. The dividend equivalents have the same vesting and delivery terms as the underlying RSU award.

The Company estimates forfeitures in the aggregate compensation cost to be amortized over the requisite service period of its awards. The Company periodically monitors its estimated forfeiture rate and adjusts its assumptions to the actual occurrence of forfeited awards. A change in estimated forfeitures is recognized through a cumulative adjustment in the period of the change.

Equity Grants

During the nine months ended September 30, 2020, pursuant to the above Stock Incentive Plans, the Company granted employees 1,946 RSUs that are Service-based Awards. Service-based Awards granted during the nine months ended September 30, 2020 had grant date fair values of $44.21 to $81.53 per share, with an average value of $80.94 per share, for an aggregate fair value of $157,467, and generally vest ratably over four years. During the nine months ended September 30, 2020, 2,529 Service-based Awards vested and 103 Service-based Awards were forfeited. Compensation expense related to Service-based Awards was $46,880 and $147,352 for the three and nine months ended September 30, 2020, respectively, and $50,152 and $162,296 for the three and nine months ended September 30, 2019, respectively.

Deferred Cash

The Company's deferred cash compensation program provides participants the ability to elect to receive a portion of their deferred compensation in cash, which is indexed to notional investment portfolios selected by the participant and vests ratably over four years and requires payment upon vesting. The Company granted $179,705 and $1,460 of deferred cash awards pursuant to the deferred cash compensation program during the first and third quarters of 2020, respectively. As of September 30, 2020, the total compensation cost related to the deferred cash compensation program not yet recognized was $197,164. The weighted-average period over which this compensation cost is expected to be recognized is 31 months.

In November 2016, the Company granted a restricted cash award in conjunction with the appointment of a current Co-Chief Executive Officer (then Executive Chairman) with a target payment amount of $35,000, of which $11,000 vested on March 1, 2019, $6,000 vested on March 1, 2020, and $6,000 is scheduled to vest on each of the next three anniversaries of March 1, 2020, provided that the current Co-Chief Executive Officer continues to remain employed through each such vesting date, subject to vesting upon specified termination events (including retirement, upon satisfying certain eligibility criteria, on or following May 1, 2019, subject to a six month prior written notice requirement) or a change in control. The Company had the discretion to increase (by an amount up to $35,000) or decrease (by an amount up to $8,750) the total amount payable under this award.

In 2017, the Company granted deferred cash awards of $29,500 to certain employees. These awards vest in five equal installments over the period ending June 30, 2022, subject to continued employment. The Company records expense for these awards ratably over the vesting period.

Compensation expense related to deferred cash awards was $30,164 and $95,178 for the three and nine months ended September 30, 2020, respectively, and $20,688 and $73,456 for the three and nine months ended September 30, 2019, respectively.

Long-term Incentive Plan

The Company's Long-term Incentive Plan provides for incentive compensation awards to Advisory Senior Managing Directors, excluding executive officers of the Company, who exceed defined benchmark results over four-year performance periods beginning January 1, 2013 (the "2013 Long-term Incentive Plan") and January 1, 2017 (the "2017 Long-term Incentive Plan"). The 2013 Long-term Incentive Plan was paid in cash in installments in 2017, 2018 and 2019. The 2017 Long-term Incentive Plan, which aggregate $34,215 of current liabilities and $68,431 of long-term liabilities on the Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2020, is due to be paid, in cash or Class A Shares, at the Company's discretion, in three equal installments in the first quarter of 2021, 2022 and 2023, subject to employment at the time of payment. These awards are subject to retirement eligibility requirements after the performance criteria has been achieved. The Company periodically assesses the probability of the benchmarks being achieved and expenses the probable payout over the requisite service period of the award. During the first quarter of 2020, in assessing the potential impact of the COVID-19 pandemic on the Company's full year 2020 results, management decreased its expectation for the probable payout of this plan, which resulted in a reversal of $6,810 of expense during the first quarter of 2020. This analysis included a review of both historical and projected performance for those eligible under the plan. As markets continued to stabilize during the third quarter of 2020 and Advisory activity increased, management determined it would be appropriate to increase its expectation for the probable payout of the plan. The Company recorded $9,160 and $5,339 of expense for the three and nine months ended September 30, 2020, respectively, and $8,302 and $24,928 of expense for the three and nine months ended September 30, 2019, respectively. The Company distributed cash payments of $19,516 for the nine months ended September 30, 2019 related to the 2013 Long-term Incentive Plan.

As of September 30, 2020, based on the Company's current assessment of the probability of the level of benchmarks being achieved, the total remaining expense to be accrued for the 2017 Long-term Incentive Plan over the future vesting period ending March 15, 2023 is $30,627.

Employee Loans Receivable

Periodically, the Company provides new and existing employees with cash payments in the form of loans and/or other cash awards which are subject to ratable vesting terms with service requirements ranging from one to five years and in certain circumstances, subject to the achievement of performance requirements. Generally, the terms of these awards include a requirement of either full or partial repayment of these awards based on the terms of their employment agreements with the Company. In circumstances where the employee meets the Company's minimum credit standards, the Company amortizes these awards to compensation expense over the relevant service period, which is generally the period they are subject to forfeiture. Compensation expense related to these awards was $8,101 and $16,516 for the three and nine months ended September 30, 2020, respectively, and $6,631 and $15,976 for the three and nine months ended September 30, 2019, respectively. The remaining unamortized amount of these awards was $34,852 as of September 30, 2020.

Separation and Transition Benefits

During the first quarter of 2020, the Company substantially completed a review of operations focused on markets, sectors and people which have delivered lower levels of productivity in an effort to attain greater flexibility of operations and better position itself for future growth. This review, which began in the fourth quarter of 2019, will generate reductions of approximately 8% of the Company's headcount. In conjunction with the employment reductions, the Company expects to incur expense related to separation benefits and stay arrangements of approximately $27,877 and the acceleration of deferred compensation previously granted to affected employees of approximately $15,123 (which includes approximately $11,911 related to 172 RSUs). These charges are expected to be incurred in 2019 and 2020, primarily within the Investment Banking segment.

(amounts in thousands, except per share amounts, unless otherwise noted)

The Company's estimates of charges are based on a number of assumptions. Actual results may differ materially if actual activity deviates from these assumptions.

For the three and nine months ended September 30, 2020, the separation benefits, stay arrangements and accelerated deferred cash compensation (together, the "Termination Costs") resulted in expense of $4,151 and $26,967, respectively, and the acceleration of the amortization of share-based payments resulted in expense of $3,102 and $10,437, respectively, each recorded in Special Charges, Including Business Realignment Costs, primarily within the Investment Banking segment, on the Company’s Unaudited Condensed Consolidated Statements of Operations.

In addition, in conjunction with the Company's review of its operations, the Termination Costs resulted in expense of $1,578 and the acceleration of the amortization of share-based payments resulted in expense of $1,272, each recorded in Special Charges, Including Business Realignment Costs, primarily within the Investment Banking segment, on the Company’s Consolidated Statements of Operations for the year ended December 31, 2019.

The Company granted separation and transition benefits to certain employees, resulting in expense included in Employee Compensation and Benefits, primarily within the Investment Banking segment, of $2,762 and $7,575 for the three and nine months ended September 30, 2019, respectively. This is comprised of expense related to the Termination Costs of $2,071 and $5,664, respectively, and expense related to the acceleration of the amortization of share-based payments of $691 and $1,911, for the three and nine months ended September 30, 2019, respectively.

The following table presents the change in the Company's Termination Costs liability for the nine months ended September 30, 2020:

	For the Nine Months Ended September 30, 2020
Balance at January 1, 2020	$ 1,151
Termination Costs Incurred	26,967
Cash Benefits Paid	(18,589)
Non-Cash Charges	(624)
Balance at September 30, 2020	$ 8,905

Note 17 – Commitments and Contingencies

For a further discussion of the Company's commitments, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Private Equity – As of September 30, 2020, the Company had unfunded commitments for capital contributions of $11,998 to private equity funds. These commitments will be funded as required through the end of each private equity fund's investment period, subject to certain conditions. Such commitments are satisfied in cash and are generally required to be made as investment opportunities are consummated by the private equity funds.

Lines of Credit – On June 24, 2016, Evercore Partners Services East L.L.C. ("East") entered into a loan agreement with PNC Bank, National Association ("PNC") for a revolving credit facility in an aggregate principal amount of up to $30,000, to be used for working capital and other corporate activities. This facility is secured by East's accounts receivable and the proceeds therefrom, as well as certain assets of EGL, including certain of EGL's accounts receivable. In addition, the agreement contains certain reporting covenants, as well as certain debt covenants that prohibit East and the Company from incurring other indebtedness, subject to specified exceptions. The Company and its consolidated subsidiaries were in compliance with these covenants as of September 30, 2020. Drawings under this facility bear interest at the prime rate. On March 11, 2019, East drew down $30,000 on this facility, which was repaid on May 3, 2019. East amended this facility on October 30, 2020 such that, among other things, the interest rate provisions were modified to LIBOR plus 150 basis points and the maturity date was extended to October 31, 2022 (as amended, the "Existing PNC Facility").

(amounts in thousands, except per share amounts, unless otherwise noted)

On July 26, 2019, East entered into an additional loan agreement with PNC for a revolving credit facility in an aggregate principal amount of up to $20,000, to be used for working capital and other corporate activities. The facility is unsecured. In addition, the agreement contains certain reporting requirements and debt covenants consistent with the Existing PNC Facility. The Company and its consolidated subsidiaries were in compliance with these covenants as of September 30, 2020. On October 30, 2020, East amended this facility such that, among other things, the revolving credit facility has increased to an aggregate principal amount of $30,000. Drawings under this facility will bear interest at LIBOR plus 180 basis points and the maturity date was extended to October 31, 2022. East is only permitted to borrow under this facility if there is no undrawn availability under the Existing PNC Facility and must repay indebtedness under this facility prior to repaying indebtedness under the Existing PNC Facility. There have been no drawings under this facility as of September 30, 2020.

ECB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The facility has a maximum aggregate principal amount of approximately $6,783 and is secured by trading securities. No interest is charged on the intra-day facility. The overnight facility is charged the Inter-Bank Balance Interest Rate plus 10 basis points. There have been no significant draw downs on ECB's line of credit since August 10, 2006. The line of credit is renewable annually.

Other Commitments – In addition, the Company enters into commitments to pay contingent consideration related to certain of its acquisitions. The Company paid $81 and $2,008 of its commitment for contingent consideration related to its acquisition of Kuna & Co, KG during the nine months ended September 30, 2020 and 2019, respectively. At September 30, 2020, the Company had a remaining commitment of $252 for contingent consideration related to its acquisition of Kuna & Co. KG.

The Company also had a commitment at September 30, 2019 for contingent consideration related to an arrangement with the former employer of certain RECA employees, which provided for contingent consideration to be paid to the former employer of up to $4,463, based on the completion of certain client engagements. The contingent consideration was fully paid as of December 31, 2019.

Restricted Cash – The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial condition that sum to the total of amounts shown in the Unaudited Condensed Consolidated Statements of Cash Flows:

	September 30,	
	2020	2019
Cash and Cash Equivalents	$ 1,149,291	$ 304,718
Restricted Cash included in Other Assets	9,375	8,861
Total Cash, Cash Equivalents and Restricted Cash shown in the Statement of Cash Flows	$ 1,158,666	$ 313,579

Restricted Cash included in Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition primarily represents letters of credit which are secured by cash as collateral for the lease of office space and security deposits for certain equipment. The restrictions will lapse when the leases end.

Futures Contracts – In February 2020, the Company entered into four-month futures contracts on a stock index fund with a notional amount of $38,908, as an economic hedge against the Company's deferred cash compensation program. These contracts settled in June 2020. In accordance with ASC 815, *"Derivatives and Hedging,"* ("ASC 815") these contracts are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. The Company had net realized losses of ($3,998) for the nine months ended September 30, 2020.

In April 2019, the Company entered into three-month futures contracts on a stock index fund with a notional amount of $14,815 for $680, as an economic hedge against the Company's deferred cash compensation program. These contracts settled in June 2019. In accordance with ASC 815, these contracts are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. The Company had net realized gains of $59 for the nine months ended September 30, 2019.

Foreign Exchange – On occasion, the Company enters into foreign currency exchange forward contracts as an economic hedge against exchange rate risk for foreign currency denominated accounts receivable in EGL. There were no foreign currency exchange forward contracts outstanding as of September 30, 2020.

The Company entered into foreign currency exchange forward contracts to sell 3.8 billion Japanese yen for $35,598 during the first quarter of 2019 as an economic hedge against the exchange rate risk for Japanese yen denominated accounts receivable in EGL. These contracts settled in April 2019.

Contingencies

In the normal course of business, from time to time, the Company and its affiliates are involved in judicial or regulatory proceedings, arbitration or mediation concerning matters arising in connection with the conduct of its businesses, including contractual and employment matters. In addition, Mexican, United Kingdom, German, Hong Kong, Singapore, Canadian, Dubai and United States government agencies and self-regulatory organizations, as well as state securities commissions in the United States, conduct periodic examinations and initiate administrative proceedings regarding the Company's business, including, among other matters, accounting and operational matters, that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, investment advisor, or its directors, officers or employees. In view of the inherent difficulty of determining whether any loss in connection with such matters is probable and whether the amount of such loss can be reasonably estimated, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, the Company cannot estimate the amount of such loss or range of loss, if any, related to such matters, how or if such matters will be resolved, when they will ultimately be resolved, or what the eventual settlement, fine, penalty or other relief, if any, might be. Subject to the foregoing, the Company believes, based on current knowledge and after consultation with counsel, that it is not currently party to any material pending proceedings (including the matter described below), individually or in the aggregate, the resolution of which would have a material effect on the Company. Provisions for losses are established in accordance with ASC 450, "*Contingencies*" ("ASC 450") when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

Note 18 – Regulatory Authorities

EGL is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under the Alternative Net Capital Requirement, EGL's minimum net capital requirement is $250. EGL's regulatory net capital as of September 30, 2020 and December 31, 2019 was $493,456 and $331,510, respectively, which exceeded the minimum net capital requirement by $493,206 and $331,260, respectively.

Certain other non-U.S. subsidiaries are subject to various securities and banking regulations and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which they operate. These subsidiaries are in excess of their local capital adequacy requirements at September 30, 2020.

Evercore Trust Company, N.A. ("ETC"), which is limited to fiduciary activities, is regulated by the Office of the Comptroller of the Currency ("OCC") and is a member bank of the Federal Reserve System. The Company, Evercore LP and ETC are subject to written agreements with the OCC that, among other things, require the Company and Evercore LP to maintain at least $5,000 in Tier 1 capital in ETC (or such other amount as the OCC may require) and maintain liquid assets in ETC in an amount at least equal to the greater of $3,500 or 180 days coverage of ETC's operating expenses. The Company was in compliance with the aforementioned agreements as of September 30, 2020.

Note 19 – Income Taxes

The Company's Provision for Income Taxes was $15,677 and $51,042 for the three and nine months ended September 30, 2020, respectively, and $20,402 and $60,253 for the three and nine months ended September 30, 2019, respectively. The effective tax rate was 23.5% and 24.5% for the three and nine months ended September 30, 2020, respectively, and 28.0% and 20.9% for the three and nine months ended September 30, 2019, respectively. The effective tax rate reflects net excess tax benefits and deficiencies associated with the appreciation or depreciation in the Company's share price upon vesting of employee share-based awards above or below the original grant price. The Company's Provision for Income Taxes for the nine months ended September 30, 2020 reflects an additional tax expense of $100 and resulted in an increase in the effective tax rate of 0.05 percentage points, and for the nine months ended September 30, 2019 an additional deduction of $12,176 and resulted in a reduction in the effective tax rate of 4 percentage points related to the effect of share price changes upon the vesting of share-based awards. The effective tax rate for 2020 and 2019 also reflects the effect of certain nondeductible expenses, including expenses related to Class J LP Units and Class I-P and K-P Units, as well as the noncontrolling interest associated with LP Units and other adjustments.

Additionally, the Company is subject to the income tax effects associated with the new global intangible low-taxed income ("GILTI") provisions in the period incurred. For the three and nine months ended September 30, 2020 and 2019, no additional income tax expense associated with the GILTI provisions has been reported and it is not expected to be material to the Company's effective tax rate for the year.

The Company reported an increase in deferred tax assets of $525 associated with changes in Unrealized Gain (Loss) on Securities and Investments and an increase of $1,244 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the nine months ended September 30, 2020. The Company reported an increase in deferred tax assets of $219 associated with changes in Unrealized Gain (Loss) on Securities and Investments and an increase of $1,333 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the nine months ended September 30, 2019.

The Company classifies interest relating to tax matters and tax penalties as a component of income tax expense in its Unaudited Condensed Consolidated Statements of Operations. As of September 30, 2020, there were $376 of unrecognized tax benefits that, if recognized, $306 would affect the effective tax rate. Related to the unrecognized tax benefits, the Company accrued interest and penalties of $15 and $1, respectively, during the three months ended September 30, 2020. During the three months ended September 30, 2020, $118 of unrecognized tax benefits were recognized by the Company as a result of a lapse in the statute of limitations, of which $96 affected the effective tax rate. In addition, the Company also recognized a tax benefit for accrued interest and penalties of $42 and $3, respectively, associated with the lapse in the statute of limitations.

Note 20 – Segment Operating Results

Business Segments – The Company's business results are categorized into the following two segments: Investment Banking and Investment Management. Investment Banking includes providing advice to clients on significant mergers, acquisitions, divestitures and other strategic corporate transactions, as well as services related to securities underwriting, private placement services and commissions for agency-based equity trading services and equity research. Investment Management includes advising third-party investors in Institutional Asset Management and Wealth Management and interests in private equity funds which are not managed by the Company. In April 2020, the Company entered into an agreement for the leaders of its business in Mexico to purchase ECB, the Company's Mexico based broker-dealer focused principally on providing Investment Management services. This sale will be completed following regulatory approval. In addition, in October 2020, the Company announced the decision to transition its advisory presence in Mexico to a strategic alliance relationship with a newly-formed independent strategic advisory firm founded by certain former employees. See Note 5 for further information.

The Company's segment information for the three and nine months ended September 30, 2020 and 2019 is prepared using the following methodology:

- Revenue, expenses and income (loss) from equity method investments directly associated with each segment are included in determining pre-tax income.
- Expenses not directly associated with specific segments are allocated based on the most relevant measures applicable, including headcount, square footage and other performance and time-based factors.
- Segment assets are based on those directly associated with each segment, or for certain assets shared across segments, those assets are allocated based on the most relevant measures applicable, including headcount and other factors.
- Investment gains and losses, interest income and interest expense are allocated between the segments based on the segment in which the underlying asset or liability is held.

Other Revenue, net, included in each segment's Net Revenues includes interest income and income (losses) earned on investment securities, including our investment funds and futures contracts which are used as an economic hedge against our deferred cash compensation program, certificates of deposit, cash and cash equivalents and on the Company's debt security investment in G5, as well as adjustments to amounts due pursuant to the Company's tax receivable agreement, subsequent to its initial establishment, related to changes in enacted tax rates, and gains (losses) resulting from foreign currency fluctuations, principal trading and realized and unrealized gains and losses on interests in Private Equity funds which are not managed by the Company. Other Revenue, net, also includes interest expense associated with the Company's Notes Payable and lines of credit, as well as revenue and expenses associated with repurchase or resale transactions. In 2020, Other Revenue also includes a gain on the sale of the ECB Trust Business.

Each segment's Operating Expenses include: a) employee compensation and benefits expenses that are incurred directly in support of the segment and b) non-compensation expenses, which include expenses for premises and occupancy, professional fees, travel and entertainment, communications and information services, execution, clearing and custody fees, equipment and indirect support costs (including compensation and other operating expenses related thereto) for administrative services. Such administrative services include, but are not limited to, accounting, tax, legal, technology, human capital, facilities management and senior management activities.

Other Expenses include the following:

- *Amortization of LP Units and Certain Other Awards* – Includes amortization costs associated with the vesting of Class J LP Units issued in conjunction with the acquisition of ISI and certain other related awards.
- *Special Charges, Including Business Realignment Costs* – Includes expenses in 2020 related to separation and transition benefits and related costs as a result of the Company's review of its operations and the acceleration of depreciation expense for leasehold improvements and certain other fixed assets in conjunction with the expansion of the Company's headquarters in New York and the Company's business realignment initiatives. Includes expenses in 2019 related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of the Company's headquarters in New York.
- *Acquisition and Transition Costs* – Includes costs incurred in connection with acquisitions, divestitures and other ongoing business development initiatives, primarily comprised of professional fees for legal and other services, including costs in 2020 associated with the sale of the ECB Trust Business.
- *Intangible Asset and Other Amortization* – Includes amortization of intangible assets and other purchase accounting-related amortization associated with certain acquisitions.

The Company evaluates segment results based on net revenues and pre-tax income, both including and excluding the impact of the Other Expenses.

No client accounted for more than 10% of the Company's Consolidated Net Revenues for the three and nine months ended September 30, 2020.

The following information presents each segment's contribution.

EVERCORE INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands, except per share amounts, unless otherwise noted)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Investment Banking				
Net Revenues[1]	$ 385,463	$ 388,012	$ 1,294,493	$ 1,305,586
Operating Expenses	318,655	311,697	1,057,926	1,008,985
Other Expenses[2]	7,703	7,917	42,092	22,084
Operating Income	59,105	68,398	194,475	274,517
Income from Equity Method Investments	570	282	1,171	756
Pre-Tax Income	$ 59,675	$ 68,680	$ 195,646	$ 275,273
Identifiable Segment Assets	$ 2,460,068	$ 2,018,087	$ 2,460,068	$ 2,018,087
Investment Management				
Net Revenues[1]	$ 17,052	$ 14,186	$ 42,104	$ 42,985
Operating Expenses	12,171	12,040	36,529	36,206
Other Expenses[2]	300	200	332	308
Operating Income	4,581	1,946	5,243	6,471
Income from Equity Method Investments	2,541	2,280	7,381	6,470
Pre-Tax Income	$ 7,122	$ 4,226	$ 12,624	$ 12,941
Identifiable Segment Assets	$ 185,390	$ 193,016	$ 185,390	$ 193,016
Total				
Net Revenues[1]	$ 402,515	$ 402,198	$ 1,336,597	$ 1,348,571
Operating Expenses	330,826	323,737	1,094,455	1,045,191
Other Expenses[2]	8,003	8,117	42,424	22,392
Operating Income	63,686	70,344	199,718	280,988
Income from Equity Method Investments	3,111	2,562	8,552	7,226
Pre-Tax Income	$ 66,797	$ 72,906	$ 208,270	$ 288,214
Identifiable Segment Assets	$ 2,645,458	$ 2,211,103	$ 2,645,458	$ 2,211,103

EVERCORE INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands, except per share amounts, unless otherwise noted)

(1) Net revenues include Other Revenue, net, allocated to the segments as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2020		2019		2020		2019	
Investment Banking[A]	$	4,449	$	2,709	$	(5,704)	$	16,432
Investment Management		3,027		1,536		2,379		5,533
Total Other Revenue, net	$	7,476	$	4,245	$	(3,325)	$	21,965

(A) Investment Banking Other Revenue, net, includes interest expense on the Notes Payable and lines of credit of $4,218 and $13,594 for the three and nine months ended September 30, 2020, respectively, and $3,786 and $8,354 for the three and nine months ended September 30, 2019, respectively.

(2) Other Expenses are as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2020		2019		2020		2019	
Investment Banking								
Amortization of LP Units and Certain Other Awards	$	—	$	4,551	$	1,067	$	12,346
Special Charges, Including Business Realignment Costs		7,380		1,029		39,582		3,087
Acquisition and Transition Costs		154		180		260		180
Intangible Asset and Other Amortization		169		2,157		1,183		6,471
Total Investment Banking		7,703		7,917		42,092		22,084
Investment Management								
Special Charges, Including Business Realignment Costs		—		—		32		—
Acquisition and Transition Costs		300		200		300		308
Total Investment Management		300		200		332		308
Total Other Expenses	$	8,003	$	8,117	$	42,424	$	22,392

Geographic Information – The Company manages its business based on the profitability of the enterprise as a whole.

The Company's revenues were derived from clients located and managed in the following geographical areas:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2020		2019		2020		2019	
Net Revenues:[1]								
United States	$	285,271	$	317,203	$	1,042,248	$	977,870
Europe and Other		104,197		77,779		284,442		337,207
Latin America		5,571		2,971		13,232		11,529
Total	$	395,039	$	397,953	$	1,339,922	$	1,326,606

(1) Excludes Other Revenue, Including Interest and Investments, and Interest Expense.

EVERCORE INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands, except per share amounts, unless otherwise noted)

The Company's total assets are located in the following geographical areas:

	September 30, 2020	December 31, 2019
Total Assets:		
United States	$ 2,260,680	$ 2,158,347
Europe and Other	339,921	373,822
Latin America	44,857	66,444
Total	$ 2,645,458	$ 2,598,613

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with Evercore Inc.'s unaudited condensed consolidated financial statements and the related notes included elsewhere in this Form 10-Q.

Forward-Looking Statements

This report contains, or incorporates by reference, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Exchange Act, which reflect our current views with respect to, among other things, our operations and financial performance. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "backlog," "believes," "expects," "potential," "probable," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. All statements, other than statements of historical fact, included in this report are forward-looking statements, including with respect to the worldwide COVID-19 pandemic, and are based on various underlying assumptions and expectations and are subject to known and unknown risks, uncertainties and assumptions, and may include projections of our future financial performance based on our growth strategies and anticipated trends in our business.

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. All statements other than statements of historical fact are forward-looking statements and, based on various underlying assumptions and expectations, are subject to known and unknown risks, uncertainties and assumptions and may include projections of our future financial performance based on our growth strategies and anticipated trends in Evercore's business. We believe these factors include, but are not limited to, those described under "Risk Factors" discussed in the Annual Report on Form 10-K for the year ended December 31, 2019 and in Item 1A. "Risk Factors" of our Form 10-Q for the first quarter of 2020. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included or incorporated by reference in this report, including those statements herein with respect to the adverse impact that the COVID-19 pandemic has had, and may continue to have, on our business. In addition, new risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise except as required by law.

We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Key Financial Measures

Revenue

Total revenues reflect revenues from our Investment Banking and Investment Management business segments that include fees for services, transaction-related client reimbursements plus other revenue. Net revenues reflect total revenues less interest expense.

Investment Banking. Our Investment Banking business earns fees from our clients for providing advice on mergers, acquisitions, divestitures, leveraged buyouts, restructurings, activism and defense and similar corporate finance matters, and from underwriting and private placement activities, as well as commissions and fees from research and our sales and trading activities. The amount and timing of the fees paid vary by the type of engagement or services provided. In general, advisory fees are paid at the time we sign an engagement letter, during the course of the engagement or when an engagement is completed. The majority of our investment banking revenue consists of advisory fees for which realizations are dependent on the successful completion of transactions. A transaction can fail to be completed for many reasons which are outside of our control, including failure of parties to agree upon final terms with the counterparty, to secure necessary board or shareholder approvals, to secure necessary financing or to achieve necessary regulatory approvals, or due to adverse market conditions. In the case of bankruptcy engagements, fees are subject to approval of the court. Underwriting fees are recognized when the offering has been deemed to be completed and placement fees are generally recognized at the time of the client's acceptance of capital or capital commitments. Commissions and Related Fees includes commissions, which are recorded on a trade-date basis or, in the case of payments under commission sharing arrangements, on the date earned. Commissions and Related Fees also include subscription fees for the sales of research. Cash received before the subscription period ends is initially recorded as deferred revenue (a contract liability) and recognized as revenue over the remaining subscription period.

Revenue trends in our advisory business generally are correlated to the volume of merger and acquisition ("M&A") activity and/or restructuring activity, which tends to be counter-cyclical to M&A. However, deviations from this trend can occur in any given year or quarter for a number of reasons. For example, changes in our market share or the ability of our clients to close certain large transactions can cause our revenue results to diverge from the level of overall M&A or restructuring activity. Revenue trends in our equities business are correlated to market volumes, which generally decrease in periods of low market volatility or unfavorable market or economic conditions. For further information see *COVID-19* in "Liquidity and Capital Resources".

Investment Management. Our Investment Management business includes operations related to the Wealth Management and Institutional Asset Management businesses and interests in private equity funds which we do not manage. Revenue sources primarily include management fees, fiduciary fees, performance fees (including carried interest) and gains (or losses) on our investments.

Management fees for third party clients generally represent a percentage of assets under management ("AUM"). Fiduciary fees, which are generally a function of the size and complexity of each engagement, are individually negotiated. We record performance fees upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable. Gains and losses include both realized and unrealized gains and losses on principal investments, including those arising from our equity interest in investment partnerships.

Transaction-Related Client Reimbursements. In both our Investment Banking and Investment Management segments, we incur various transaction-related expenditures, such as travel and professional fees, in the course of performing our services. Pursuant to the engagement letters with our advisory clients, these expenditures may be reimbursable. We define these expenses, which are associated with revenue activities earned over time, as transaction-related expenses and record such expenditures as incurred and record revenue when it is determined that clients have an obligation to reimburse us for such transaction-related expenses. Client expense reimbursements are recorded as revenue on the Unaudited Condensed Consolidated Statements of Operations on the later of the date an engagement letter is executed or the date we pay or accrue the expense.

Other Revenue and Interest Expense. Other Revenue and Interest Expense is derived from investing customer funds in financing transactions. These transactions are principally repurchases and resales of Mexican government and government agency securities. Revenue and expenses associated with these transactions are recognized over the term of the repurchase or resale transaction.

Other Revenue also includes interest income and income (losses) earned on investment securities, including our investment funds and futures contracts which are used as an economic hedge against our deferred cash compensation program, certificates of deposit, cash and cash equivalents and on our debt security investment in G5, as well as adjustments to amounts due pursuant to our tax receivable agreement, subsequent to its initial establishment, related to changes in enacted tax rates, and gains (losses) resulting from foreign currency fluctuations, principal trading and realized and unrealized gains and losses on interests in private equity funds which we do not manage. In 2020, Other Revenue also includes a gain on the sale of the ECB Trust Business.

Interest Expense also includes interest expense associated with our Notes Payable and lines of credit.

Operating Expenses

Employee Compensation and Benefits Expense. We include all payments for services rendered by our employees, as well as profits interests in our businesses that have been accounted for as compensation, in employee compensation and benefits expense.

We maintain compensation programs, including base salary, cash, deferred cash and equity bonus awards and benefits programs and manage compensation to estimates of competitive levels based on market conditions and performance. Our level of compensation, including deferred compensation, reflects our plan to maintain competitive compensation levels to retain key personnel, and it reflects the impact of newly-hired senior professionals, including related grants of equity awards which are generally valued at their grant date.

Increasing the number of high-caliber, experienced senior level employees is critical to our growth efforts. In our advisory businesses, these hires generally do not begin to generate significant revenue in the year they are hired.

Our annual compensation program includes share-based compensation awards and deferred cash awards as a component of the annual bonus awards for certain employees. These awards are generally subject to annual vesting requirements over a four-year period beginning at the date of grant, which occurs in the first quarter of each year; accordingly, the expense is generally amortized over the stated vesting period, subject to retirement eligibility. With respect to annual awards, our retirement eligibility criteria generally stipulates that if an employee has at least five years of continuous service, is at least 55 years of age and has a combined age and years of service of at least 65 years, the employee is eligible for retirement. Beginning in 2019, we implemented additional retirement eligibility qualifying criteria, for awards issued in 2019 and after, that stipulates if an employee has at least 10 years of continuous service and is at least 60 years of age, the employee is also eligible for retirement. Retirement eligibility allows for continued vesting of awards after employees depart from the Company, provided they give the minimum advance notice, which is generally six months to one year.

We estimate forfeitures in the aggregate compensation cost to be amortized over the requisite service period of the awards. We periodically monitor our estimated forfeiture rate and adjust our assumptions to the actual occurrence of forfeited awards. A change in estimated forfeitures is recognized through a cumulative adjustment in the period of the change.

Our Long-term Incentive Plan provides for incentive compensation awards to Advisory Senior Managing Directors, excluding executive officers, who exceed defined benchmark results over four-year performance periods beginning January 1, 2013 and January 1, 2017. The 2013 Long-term Incentive Plan was paid in cash in installments in 2017, 2018 and 2019 (for the performance period beginning on January 1, 2013). The 2017 Long-term Incentive Plan is due to be paid, in cash or Class A Shares, at our discretion, in three equal installments in the first quarter of 2021, 2022 and 2023 (for the performance period beginning on January 1, 2017), subject to employment at the time of payment. These awards are subject to retirement eligibility requirements after the performance criteria has been achieved. We periodically assess the probability of the benchmarks being achieved and expense the probable payout over the requisite service period of the award.

From time to time, we also grant performance awards to certain individuals which include both performance and service based vesting requirements. See Note 16 to our unaudited condensed consolidated financial statements for further information.

We believe that the ratio of Employee Compensation and Benefits Expense to Net Revenues is an important measure to assess the annual cost of compensation and provides a meaningful basis for comparison of compensation and benefits expense between present, historical and future years.

Non-Compensation Expenses. Our other operating expenses include costs for occupancy and equipment rental, professional fees, travel and related expenses, communications and information technology services, depreciation and amortization, execution, clearing and custody fees, acquisition and transition costs and other operating expenses. We refer to all of these expenses as non-compensation expenses.

Other Expenses

Other Expenses include the following:

- *Amortization of LP Units and Certain Other Awards* – Includes amortization costs associated with the vesting of Class J LP Units issued in conjunction with the acquisition of ISI and certain other related awards.
- *Special Charges, Including Business Realignment Costs* – Includes expenses in 2020 related to separation and transition benefits and related costs as a result of our review of operations and the acceleration of depreciation expense for leasehold improvements and certain other fixed assets in conjunction with the expansion of our headquarters in New York and our business realignment initiatives. Includes expenses in 2019 related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York.
- *Acquisition and Transition Costs* – Includes costs incurred in connection with acquisitions, divestitures and other ongoing business development initiatives, primarily comprised of professional fees for legal and other services, including costs in 2020 associated with the sale of the ECB Trust Business.
- *Intangible Asset and Other Amortization* – Includes amortization of intangible assets and other purchase accounting-related amortization associated with certain acquisitions.

Income from Equity Method Investments

Our share of the income (loss) from our equity interests in ABS, Atalanta Sosnoff and Luminis are included within Income from Equity Method Investments, as a component of Income Before Income Taxes, on the Unaudited Condensed Consolidated Statements of Operations.

Provision for Income Taxes

We account for income taxes in accordance with ASC 740*,* which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax basis of our assets and liabilities. Excess tax benefits and deficiencies associated with the appreciation or depreciation in our share price upon vesting of employee share-based awards above or below the original grant price are recognized in our Provision for Income Taxes. In addition, net deferred tax assets are impacted by changes to statutory tax rates in the period of enactment.

Noncontrolling Interest

We record noncontrolling interest relating to the ownership interests of certain of our current and former Senior Managing Directors and other officers and their estate planning vehicles in Evercore LP, as well as the portions of our operating subsidiaries not owned by Evercore. As described in Note 14 to our unaudited condensed consolidated financial statements herein, Evercore Inc. is the sole general partner of Evercore LP and has a majority economic interest in Evercore LP. As a result, Evercore Inc. consolidates Evercore LP and records a noncontrolling interest for the economic interest in Evercore LP held by the limited partners.

We generally allocate net income or loss to participating noncontrolling interests held at Evercore LP and at the operating entity level, where required, by multiplying the relative ownership interest of the noncontrolling interest holders for the period by the net income or loss of the entity to which the noncontrolling interest relates. In circumstances where the governing documents of the entity to which the noncontrolling interest relates require special allocations of profits or losses to the controlling and noncontrolling interest holders, the net income or loss of these entities is allocated based on these special allocations.

Results of Operations

The following is a discussion of our results of operations for the three and nine months ended September 30, 2020 and 2019. For a more detailed discussion of the factors that affected the revenue and operating expenses of our Investment Banking and Investment Management business segments in these periods, as well as the impact of the COVID-19 pandemic, see the discussion in "Business Segments" and "Liquidity and Capital Resources" below.

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
	(dollars in thousands, except per share data)					
Revenues						
Investment Banking:						
Advisory Fees	$ 270,662	$ 320,885	(16%)	$ 965,662	$ 1,090,309	(11%)
Underwriting Fees	66,499	17,598	278%	181,182	61,428	195%
Commissions and Related Fees	43,853	46,820	(6%)	153,353	137,417	12%
Asset Management and Administration Fees	14,025	12,650	11%	39,725	37,452	6%
Other Revenue, Including Interest and Investments	12,479	9,911	26%	13,047	35,886	(64%)
Total Revenues	407,518	407,864	—%	1,352,969	1,362,492	(1%)
Interest Expense	5,003	5,666	(12%)	16,372	13,921	18%
Net Revenues	402,515	402,198	—%	1,336,597	1,348,571	(1%)
Expenses						
Operating Expenses	330,826	323,737	2%	1,094,455	1,045,191	5%
Other Expenses	8,003	8,117	(1%)	42,424	22,392	89%
Total Expenses	338,829	331,854	2%	1,136,879	1,067,583	6%
Income Before Income from Equity Method Investments and Income Taxes	63,686	70,344	(9%)	199,718	280,988	(29%)
Income from Equity Method Investments	3,111	2,562	21%	8,552	7,226	18%
Income Before Income Taxes	66,797	72,906	(8%)	208,270	288,214	(28%)
Provision for Income Taxes	15,677	20,402	(23%)	51,042	60,253	(15%)
Net Income	51,120	52,504	(3%)	157,228	227,961	(31%)
Net Income Attributable to Noncontrolling Interest	8,510	9,226	(8%)	27,031	35,709	(24%)
Net Income Attributable to Evercore Inc.	$ 42,610	$ 43,278	(2%)	$ 130,197	$ 192,252	(32%)
Diluted Net Income Per Share Attributable to Evercore Inc. Common Shareholders	$ 1.01	$ 1.01	—%	$ 3.09	$ 4.43	(30%)

As of September 30, 2020 and 2019, we employed approximately 1,900 people worldwide.

Three Months Ended September 30, 2020 versus September 30, 2019

Net Income Attributable to Evercore Inc. was $42.6 million for the three months ended September 30, 2020, a decrease of $0.7 million, or 2%, compared to $43.3 million for the three months ended September 30, 2019. The changes in our operating results during these periods are described below.

Net Revenues were $402.5 million for the three months ended September 30, 2020, an increase of $0.3 million versus Net Revenues of $402.2 million for the three months ended September 30, 2019. Advisory Fees decreased $50.2 million, or 16%, Underwriting Fees increased $48.9 million, or 278%, and Commissions and Related Fees decreased $3.0 million, or 6%, compared to the three months ended September 30, 2019. Asset Management and Administration Fees increased $1.4 million, or 11%, compared to the three months ended September 30, 2019. Other Revenue, Including Interest and Investments, increased 26% compared to the three months ended September 30, 2019, which was primarily attributable to gains on the investment funds portfolio, which is used as an economic hedge against our deferred cash compensation program. For further information see Notes 7 and 16 to our unaudited condensed consolidated financial statements.

Total Operating Expenses were $330.8 million for the three months ended September 30, 2020, compared to $323.7 million for the three months ended September 30, 2019, an increase of $7.1 million, or 2%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $259.8 million for the three months ended September 30, 2020, an increase of $22.6 million, or 10%, versus $237.2 million for the three months ended September 30, 2019. The increase in the amount of compensation recognized in the three months ended September 30, 2020 is primarily driven by higher levels of incentive compensation recognized this year, higher amortization of unvested share-based and deferred cash awards and higher base salaries, primarily due to promotions. Non-Compensation expenses, as a component of Operating Expenses, were $71.0 million for the three months ended September 30, 2020, a decrease of $15.5 million, or 18%, versus $86.5 million for the three months ended September 30, 2019. Non-Compensation operating expenses decreased compared to the three months ended September 30, 2019, primarily driven by decreased travel and related expenses related to prolonged travel restrictions. Non-Compensation expenses per employee were approximately $40.4 thousand for the three months ended September 30, 2020, versus $46.8 thousand for the three months ended September 30, 2019.

Total Other Expenses of $8.0 million for the three months ended September 30, 2020 included Special Charges, Including Business Realignment Costs, of $7.4 million related to separation and transition benefits and related costs (see below for further information) and the acceleration of depreciation expense for leasehold improvements and certain other fixed assets in conjunction with the expansion of our headquarters in New York and our business realignment initiatives, Acquisition and Transition Costs of $0.5 million and intangible asset and other amortization of $0.2 million. Total Other Expenses of $8.1 million for the three months ended September 30, 2019 included compensation costs of $4.6 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, intangible asset and other amortization of $2.2 million, Special Charges of $1.0 million, related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York and Acquisition and Transition Costs of $0.4 million.

In the first quarter of 2020, we substantially completed a review of operations focused on markets, sectors and people which have delivered lower levels of productivity in an effort to attain greater flexibility of operations and better position ourself for future growth. This review, which began in the fourth quarter of 2019, will generate reductions of approximately 8% of our headcount. In conjunction with the employment reductions, we expect to incur aggregate separation and transition benefits (including costs related to the acceleration of deferred compensation) and related costs of approximately $43.0 million, $7.3 million of which has been recorded in Special Charges, Including Business Realignment Costs, in the third quarter of 2020. Our estimates of charges are based on a number of assumptions. Actual results may differ materially if actual activity deviates from these assumptions.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 64.5% for the three months ended September 30, 2020, compared to 60.1% for the three months ended September 30, 2019. The compensation ratio is 66.3% for the three months ended September 30, 2020 when the $7.3 million of separation and transition benefits expense, which is presented within Special Charges, Including Business Realignment Costs, is also included. The increase in the compensation ratio is primarily driven by higher levels of incentive compensation recognized this year, higher amortization of unvested share-based and deferred cash awards and higher base salaries, primarily due to promotions. The compensation ratio in any given period is subject to fluctuation based, in part, on the amount of revenue earned in that period. Given the uncertainty about both revenues for the remainder of the year and market compensation for our employees, we have more uncertainty about the full year compensation ratio than at this time in prior years. For further information see *COVID-19* below.

Income from Equity Method Investments was $3.1 million for the three months ended September 30, 2020, as compared to $2.6 million for the three months ended September 30, 2019. The increase was primarily a result of an increase in earnings from Atalanta Sosnoff and Luminis during the three months ended September 30, 2020.

The provision for income taxes for the three months ended September 30, 2020 was $15.7 million, which reflected an effective tax rate of 23.5%. The provision for income taxes for the three months ended September 30, 2019 was $20.4 million, which reflected an effective tax rate of 28.0%. The provision for income taxes for the three months ended September 30, 2020 reflects an additional tax expense of $0.2 million and for the three months ended September 30, 2019 an additional deduction of $0.05 million due to the impact associated with the appreciation or depreciation in our share price upon vesting of employee share-based awards above or below the original grant price, the effect of certain nondeductible expenses, including expenses related to Class J LP Units and Class I-P and K-P Units, as well as the noncontrolling interest associated with LP Units and other adjustments.

Net Income Attributable to Noncontrolling Interest was $8.5 million for the three months ended September 30, 2020 compared to $9.2 million for the three months ended September 30, 2019. The decrease in Net Income Attributable to Noncontrolling Interest primarily reflects lower income allocated to noncontrolling interest for Evercore LP during the three months ended September 30, 2020.

Nine Months Ended September 30, 2020 versus September 30, 2019

Net Income Attributable to Evercore Inc. was $130.2 million for the nine months ended September 30, 2020, a decrease of $62.1 million, or 32%, compared to $192.3 million for the nine months ended September 30, 2019. The changes in our operating results during these periods are described below.

Net Revenues were $1.34 billion for the nine months ended September 30, 2020, a decrease of $12.0 million, or 1%, versus Net Revenues of $1.35 billion for the nine months ended September 30, 2019. Advisory Fees decreased $124.6 million, or 11%, Underwriting Fees increased $119.8 million, or 195%, and Commissions and Related Fees increased $15.9 million, or 12%, compared to the nine months ended September 30, 2019. Asset Management and Administration Fees increased $2.3 million, or 6%, compared to the nine months ended September 30, 2019. Other Revenue, Including Interest and Investments, decreased 64% compared to the nine months ended September 30, 2019, which was primarily attributable to lower performance of our investment funds portfolio, which is used as an economic hedge against our deferred cash compensation program, and lower performance of our legacy private equity investments. We recorded $1.0 million of gains on the investment funds portfolio for the nine months ended September 30, 2020, compared to $9.2 million of gains for the nine months ended September 30, 2019. For further information see Notes 7 and 16 to our unaudited condensed consolidated financial statements. Interest Expense increased 18% compared to the nine months ended September 30, 2019, which was primarily attributable to interest expense on the 2019 Private Placement Notes which were issued in August 2019.

Total Operating Expenses were $1.09 billion for the nine months ended September 30, 2020, compared to $1.05 billion for the nine months ended September 30, 2019, an increase of $49.3 million, or 5%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $863.5 million for the nine months ended September 30, 2020, an increase of $72.2 million, or 9%, versus $791.3 million for the nine months ended September 30, 2019. The increase in the amount of compensation recognized in the nine months ended September 30, 2020 is primarily driven by higher levels of incentive compensation recognized this year, higher amortization of unvested share-based and deferred cash awards and higher base salaries, primarily due to promotions. Non-Compensation expenses, as a component of Operating Expenses, were $230.9 million for the nine months ended September 30, 2020, a decrease of $23.0 million, or 9%, versus $253.9 million for the nine months ended September 30, 2019. Non-Compensation operating expenses decreased compared to the nine months ended September 30, 2019, primarily driven by decreased travel and related expenses, related to prolonged travel restrictions, and decreased professional fees, partially offset by increased bad debt expense. Non-Compensation expenses per employee were approximately $123.3 thousand for the nine months ended September 30, 2020, versus $140.2 thousand for the nine months ended September 30, 2019.

Total Other Expenses of $42.4 million for the nine months ended September 30, 2020 included Special Charges, Including Business Realignment Costs, of $39.6 million related to separation and transition benefits and related costs (see below for further information) and the acceleration of depreciation expense for leasehold improvements and certain other fixed assets in conjunction with the expansion of our headquarters in New York and our business realignment initiatives, intangible asset and other amortization of $1.2 million, compensation costs of $1.1 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI and Acquisition and Transition Costs of $0.6 million. Total Other Expenses of $22.4 million for the nine months ended September 30, 2019 included compensation costs of $12.3 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, intangible asset and other amortization of $6.5 million, Special Charges of $3.1 million related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York and Acquisition and Transition Costs of $0.5 million.

In the first quarter of 2020, we substantially completed a review of operations focused on markets, sectors and people which have delivered lower levels of productivity in an effort to attain greater flexibility of operations and better position ourself for future growth. This review, which began in the fourth quarter of 2019, will generate reductions of approximately 8% of our headcount. In conjunction with the employment reductions, we expect to incur aggregate separation and transition benefits (including costs related to the acceleration of deferred compensation) and related costs of approximately $43.0 million, $37.6 million of which has been recorded in Special Charges, Including Business Realignment Costs, in the first nine months of 2020. Our estimates of charges are based on a number of assumptions. Actual results may differ materially if actual activity deviates from these assumptions.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 64.7% for the nine months ended September 30, 2020, compared to 59.6% for the nine months ended September 30, 2019. The compensation ratio is 67.5% for the nine months ended September 30, 2020 when the $37.4 million of separation and transition benefits expense, which is presented within Special Charges, Including Business Realignment Costs, is also included. The increase in the compensation ratio is primarily driven by higher levels of incentive compensation recognized this year, higher amortization of unvested share-based and deferred cash awards and higher base salaries, primarily due to promotions, as well as lower Other Revenue earned during the nine months ended September 30, 2020 resulting from lower performance on the investment funds portfolio, which is used as an economic hedge against our deferred cash compensation program, and legacy private equity investments. The compensation ratio in any given period is subject to fluctuation based, in part, on the amount of revenue earned in that period. Given the uncertainty about both revenues for the remainder of the year and market compensation for our employees, we have more uncertainty about the full year compensation ratio than at this time in prior years. For further information see *COVID-19* below.

Income from Equity Method Investments was $8.6 million for the nine months ended September 30, 2020, as compared to $7.2 million for the nine months ended September 30, 2019. The increase was primarily a result of an increase in earnings from Atalanta Sosnoff and Luminis during the nine months ended September 30, 2020.

The provision for income taxes for the nine months ended September 30, 2020 was $51.0 million, which reflected an effective tax rate of 24.5%. The provision for income taxes for the nine months ended September 30, 2019 was $60.3 million, which reflected an effective tax rate of 20.9%. The provision for income taxes for the nine months ended September 30, 2020 reflects an additional tax expense of $0.1 million and for the nine months ended September 30, 2019 an additional deduction of $12.2 million due to the net impact associated with the appreciation or depreciation in our share price upon vesting of employee share-based awards above or below the original grant price, the effect of certain nondeductible expenses, including expenses related to Class J LP Units and Class I-P and K-P Units, as well as the noncontrolling interest associated with LP Units and other adjustments.

Net Income Attributable to Noncontrolling Interest was $27.0 million for the nine months ended September 30, 2020 compared to $35.7 million for the nine months ended September 30, 2019. The decrease in Net Income Attributable to Noncontrolling Interest primarily reflects lower income allocated to noncontrolling interest for Evercore LP during the nine months ended September 30, 2020.

Business Segments

The following data presents revenue, expenses and contributions from our equity method investments by business segment.

Investment Banking

The following table summarizes the operating results of the Investment Banking segment.

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
			(dollars in thousands)			
Revenues						
Investment Banking:						
Advisory Fees[1]	$ 270,662	$ 320,885	(16%)	$ 965,662	$ 1,090,309	(11%)
Underwriting Fees[2]	66,499	17,598	278%	181,182	61,428	195%
Commissions and Related Fees	43,853	46,820	(6%)	153,353	137,417	12%
Other Revenue, net[3]	4,449	2,709	64%	(5,704)	16,432	NM
Net Revenues	385,463	388,012	(1%)	1,294,493	1,305,586	(1%)
Expenses						
Operating Expenses	318,655	311,697	2%	1,057,926	1,008,985	5%
Other Expenses	7,703	7,917	(3%)	42,092	22,084	91%
Total Expenses	326,358	319,614	2%	1,100,018	1,031,069	7%
Operating Income	59,105	68,398	(14%)	194,475	274,517	(29%)
Income from Equity Method Investments[4]	570	282	102%	1,171	756	55%
Pre-Tax Income	$ 59,675	$ 68,680	(13%)	$ 195,646	$ 275,273	(29%)

(1) Includes client related expenses of $4.2 million and $12.0 million for the three and nine months ended September 30, 2020, respectively, and $7.9 million and $22.5 million for the three and nine months ended September 30, 2019, respectively.
(2) Includes client related expenses of $1.7 million and $10.0 million for the three and nine months ended September 30, 2020, respectively, and $1.6 million and $4.9 million for the three and nine months ended September 30, 2019, respectively.
(3) Includes interest expense on the Notes Payable and lines of credit of $4.2 million and $13.6 million for the three and nine months ended September 30, 2020, respectively, and $3.8 million and $8.4 million for the three and nine months ended September 30, 2019, respectively.
(4) Equity in Luminis is classified as Income from Equity Method Investments.

For the three months ended September 30, 2020, the dollar value of North American announced M&A activity increased 48%, while the dollar value of North American completed M&A activity decreased 58% compared to the three months ended September 30, 2019. For the three months ended September 30, 2020, the dollar value of Global announced M&A activity increased 38%, while the dollar value of Global completed M&A activity decreased 35% compared to the three months ended September 30, 2019. For the three months ended September 30, 2020, the dollar value of North American and Global announced M&A activity between $1 - $5 billion increased 24% and 9%, respectively, compared to the three months ended September 30, 2019. For the nine months ended September 30, 2020, the dollar value of North American announced and completed M&A activity decreased 43% and 19%, respectively, compared to the nine months ended September 30, 2019, and the dollar value of Global announced and completed M&A activity decreased 18% and 16%, respectively, compared to the nine months ended September 30, 2019. For the nine months ended September 30, 2020, the dollar value of North American and Global announced M&A activity between $1 - $5 billion decreased 6% and 19%, respectively, compared to the nine months ended September 30, 2019.

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
Industry Statistics ($ in billions) *						
Value of North American M&A Deals Announced	$ 450	$ 305	48%	$ 843	$ 1,488	(43%)
Value of North American M&A Deals Announced between $1 - $5 billion	$ 134	$ 108	24%	$ 254	$ 270	(6%)
Value of North American M&A Deals Completed	$ 185	$ 443	(58%)	$ 969	$ 1,203	(19%)
Value of Global M&A Deals Announced	$ 1,080	$ 783	38%	$ 2,305	$ 2,795	(18%)
Value of Global M&A Deals Announced between $1 - $5 billion	$ 264	$ 243	9%	$ 511	$ 630	(19%)
Value of Global M&A Deals Completed	$ 537	$ 821	(35%)	$ 1,976	$ 2,359	(16%)
Evercore Statistics **						
Total Number of Fees From Advisory Client Transactions	206	213	(3%)	475	489	(3%)
Investment Banking Fees of at Least $1 million from Advisory Client Transactions	74	74	—%	224	223	—%

* Source: Refinitiv October 5, 2020
** Includes revenue generating clients only from Advisory and Underwriting transactions

Investment Banking Results of Operations

Three Months Ended September 30, 2020 versus September 30, 2019

Net Investment Banking Revenues were $385.5 million for the three months ended September 30, 2020, compared to $388.0 million for the three months ended September 30, 2019, a decrease of $2.5 million, or 1%. We earned 206 fees from Advisory clients for the three months ended September 30, 2020, compared to 213 for the three months ended September 30, 2019, representing a 3% decrease. We earned 74 fees in excess of $1.0 million for the three months ended September 30, 2020 and 2019. The decrease in revenues from the three months ended September 30, 2019 reflects a decrease of $50.2 million, or 16%, in Advisory Fees, reflecting a decrease in the number of advisory fees earned and a decline in revenue earned from large transactions during the three months ended September 30, 2020. The decrease in Advisory Fees was predominantly offset by an increase in Underwriting Fees. Underwriting Fees increased $48.9 million, or 278%, compared to the three months ended September 30, 2019, as underwriting activity remained elevated from prior year levels. We participated in 30 underwriting transactions for the three months ended September 30, 2020 (compared to 18 for the three months ended September 30, 2019), 23 of which were as a bookrunner (compared to 10 for the three months ended September 30, 2019). Commissions and Related Fees decreased $3.0 million, or 6%, compared to the three months ended September 30, 2019. Other Revenue, net, for the three months ended September 30, 2020, increased 64% compared to the three months ended September 30, 2019, primarily reflecting gains of $7.8 million on the investment funds portfolio, which is used as an economic hedge against our deferred cash compensation program, for the three months ended September 30, 2020, compared to $0.5 million of gains for the three months ended September 30, 2019. For further information see Notes 7 and 16 to our unaudited condensed consolidated financial statements.

Operating Expenses were $318.7 million for the three months ended September 30, 2020, compared to $311.7 million for the three months ended September 30, 2019, an increase of $7.0 million, or 2%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $250.9 million for the three months ended September 30, 2020, compared to $228.5 million for the three months ended September 30, 2019, an increase of $22.4 million, or 10%. The increase in the amount of compensation recognized in the three months ended September 30, 2020 is primarily driven by higher levels of incentive compensation recognized this year, higher amortization of unvested share-based and deferred cash awards and higher base salaries, primarily due to promotions. Non-Compensation expenses, as a component of Operating Expenses, were $67.8 million for the three months ended September 30, 2020, compared to $83.2 million for the three months ended September 30, 2019, a decrease of $15.4 million, or 19%. Non-Compensation operating expenses decreased from the prior year primarily driven by decreased travel and related expenses related to prolonged travel restrictions.

Other Expenses of $7.7 million for the three months ended September 30, 2020 included Special Charges, Including Business Realignment Costs, of $7.4 million related to separation and transition benefits and related costs and the acceleration of depreciation expense for leasehold improvements and certain other fixed assets in conjunction with the expansion of our headquarters in New York and our business realignment initiatives, intangible asset and other amortization of $0.2 million and Acquisition and Transition Costs of $0.2 million. Other Expenses of $7.9 million for the three months ended September 30, 2019 included compensation costs of $4.6 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, intangible asset and other amortization of $2.2 million, Special Charges of $1.0 million related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York and Acquisition and Transition Costs of $0.2 million.

Nine Months Ended September 30, 2020 versus September 30, 2019

Net Investment Banking Revenues were $1.29 billion for the nine months ended September 30, 2020, compared to $1.31 billion for the nine months ended September 30, 2019, a decrease of $11.1 million, or 1%. We earned 475 fees from Advisory clients for the nine months ended September 30, 2020, compared to 489 for the nine months ended September 30, 2019, representing a 3% decrease. We earned 224 fees in excess of $1.0 million for the nine months ended September 30, 2020, compared to 223 for the nine months ended September 30, 2019. The decrease in revenues from the nine months ended September 30, 2019 reflects a decrease of $124.6 million, or 11% in Advisory Fees, reflecting a decrease in the number of Advisory fees earned and a decline in revenue earned from large transactions during the nine months ended September 30, 2020. The decrease in Advisory Fees was predominantly offset by an increase in Underwriting Fees. Underwriting Fees increased $119.8 million, or 195%, compared to the nine months ended September 30, 2019, as we closed several of the largest deals in our history. We participated in 78 underwriting transactions for the nine months ended September 30, 2020 (compared to 57 for the nine months ended September 30, 2019), 52 of which were as a bookrunner (compared to 37 for the nine months ended September 30, 2019). Commissions and Related Fees increased $15.9 million, or 12%, compared to the nine months ended September 30, 2019, as a result of elevated volatility during the first half of 2020. Other Revenue, net, for the nine months ended September 30, 2020, decreased versus the nine months ended September 30, 2019, primarily reflecting lower performance of the investment funds portfolio, which is used as an economic hedge against our deferred cash compensation program, and increased interest expense primarily attributable to the 2019 Private Placement Notes which were issued in August 2019. For further information see Notes 7 and 16 to our unaudited condensed consolidated financial statements.

Operating Expenses were $1.06 billion for the nine months ended September 30, 2020, compared to $1.01 billion for the nine months ended September 30, 2019, an increase of $48.9 million, or 5%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $837.5 million for the nine months ended September 30, 2020, compared to $765.7 million for the nine months ended September 30, 2019, an increase of $71.8 million, or 9%. The increase in the amount of compensation recognized in the nine months ended September 30, 2020 is primarily driven by higher levels of incentive compensation recognized this year, higher amortization of unvested share-based and deferred cash awards and higher base salaries, primarily due to promotions. Non-Compensation expenses, as a component of Operating Expenses, were $220.4 million for the nine months ended September 30, 2020, compared to $243.3 million for the nine months ended September 30, 2019, a decrease of $22.9 million, or 9%. Non-Compensation operating expenses decreased from the prior year primarily driven by decreased travel and related expenses, related to prolonged travel restrictions, and decreased professional fees, partially offset by increased bad debt expense.

Other Expenses of $42.1 million for the nine months ended September 30, 2020 included Special Charges, Including Business Realignment Costs, of $39.6 million related to separation and transition benefits and related costs and the acceleration of depreciation expense for leasehold improvements and certain other fixed assets in conjunction with the expansion of our headquarters in New York and our business realignment initiatives, intangible asset and other amortization of $1.2 million, compensation costs of $1.1 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, and Acquisition and Transition Costs of $0.3 million. Other Expenses of $22.1 million for the nine months ended September 30, 2019 included compensation costs of $12.3 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, intangible asset and other amortization of $6.5 million, Special Charges of $3.1 million related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York and Acquisition and Transition Costs of $0.2 million.

Investment Management

The following table summarizes the operating results of the Investment Management segment.

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	Change	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019	Change
			(dollars in thousands)			
Revenues						
Asset Management and Administration Fees:						
Wealth Management	$ 13,664	$ 12,155	12%	$ 38,624	$ 35,408	9%
Institutional Asset Management	361	495	(27%)	1,101	2,044	(46%)
Asset Management and Administration Fees	14,025	12,650	11%	39,725	37,452	6%
Other Revenue, net	3,027	1,536	97%	2,379	5,533	(57%)
Net Revenues	17,052	14,186	20%	42,104	42,985	(2%)
Expenses						
Operating Expenses	12,171	12,040	1%	36,529	36,206	1%
Other Expenses	300	200	50%	332	308	8%
Total Expenses	12,471	12,240	2%	36,861	36,514	1%
Operating Income	4,581	1,946	135%	5,243	6,471	(19%)
Income from Equity Method Investments[1]	2,541	2,280	11%	7,381	6,470	14%
Pre-Tax Income	$ 7,122	$ 4,226	69%	$ 12,624	$ 12,941	(2%)

(1) Equity in ABS and Atalanta Sosnoff is classified as Income from Equity Method Investments.

Investment Management Results of Operations

Our Investment Management segment includes the following activities:

- Wealth Management – conducted through EWM and ETC. Fee-based revenues from EWM are primarily earned on a percentage of AUM, while ETC primarily earns fees from negotiated trust services.
- Institutional Asset Management – conducted through ECB. Fee-based revenues from ECB are primarily earned on a percentage of AUM. In April 2020, we entered into an agreement for the leaders of our business in Mexico to purchase ECB. This sale will be completed following regulatory approval. See Note 5 to our unaudited condensed consolidated financial statements for further information.
- Private Equity – conducted through our investment interests in private equity funds. We maintain a limited partner's interest in Glisco II, Glisco III and Glisco IV, as well as Glisco Manager Holdings LP and the general partners of the Glisco Funds. We receive our portion of the management fees earned by Glisco Partners Inc. ("Glisco") from Glisco Manager Holdings LP. We are passive investors and do not participate in the management of any Glisco sponsored funds. We are also passive investors in Trilantic IV, Trilantic V and Trilantic VI. In the event the private equity funds perform below certain thresholds we may be obligated to repay certain carried interest previously distributed. As of September 30, 2020, $0.3 million of previously distributed carried interest received from the funds was subject to repayment.
- We also hold interests in ABS and Atalanta Sosnoff that are accounted for under the equity method of accounting. The results of these investments are included within Income from Equity Method Investments.

Assets Under Management

AUM for our Investment Management businesses of $10.9 billion at September 30, 2020 increased compared to $10.7 billion at December 31, 2019. The amounts of AUM presented in the table below primarily reflect the assets which we manage. These assets reflect the fair value of assets managed on behalf of Institutional Asset Management and Wealth Management clients. As defined in ASC 820, valuations performed for Level I investments are based on quoted prices obtained from active markets generated by third parties and Level II investments are valued through the use of models based on either direct or indirect observable inputs in the use of models or other valuation methodologies performed by third parties to determine fair value. For both the Level I and Level II investments, we obtain both active quotes from nationally recognized exchanges and third-party pricing services to determine market or fair value quotes, respectively. For Level III investments, pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Wealth Management maintained 71% and 69% of Level I investments, 25% and 27% of Level II investments and 4% of Level III investments as of September 30, 2020 and December 31, 2019, respectively. Institutional Asset Management maintained 85% of Level I investments and 15% of Level II investments as of September 30, 2020 and December 31, 2019.

The fees that we receive for providing investment advisory and management services are primarily driven by the level and composition of AUM. Accordingly, client flows, market movements, foreign currency fluctuations and changes in our product mix will impact the level of management fees we receive from our investment management businesses. Fees vary with the type of assets managed and the channel in which they are managed, with higher fees earned on equity assets and alternative investment funds, such as hedge funds and private equity funds, and lower fees earned on fixed income and cash management products. Clients will increase or reduce the aggregate amount of AUM that we manage for a number of reasons, including changes in the level of assets that they have available for investment purposes, their overall asset allocation strategy, our relative performance versus competitors offering similar investment products and the quality of our service. The fees we earn are also impacted by our investment performance, as the appreciation or depreciation in the value of the assets that we manage directly impacts our fees.

The following table summarizes AUM activity for the nine months ended September 30, 2020:

	Wealth Management(1)	Institutional Asset Management	Total
		(dollars in millions)	
Balance at December 31, 2019	$ 9,058	$ 1,634	$ 10,692
Inflows	645	530	1,175
Outflows	(569)	(502)	(1,071)
Market Appreciation (Depreciation)	383	(242)	141
Balance at September 30, 2020	$ 9,517	$ 1,420	$ 10,937
Unconsolidated Affiliates - Balance at September 30, 2020:			
Atalanta Sosnoff	$ —	$ 7,220	$ 7,220
ABS	$ —	$ 5,995	$ 5,995

(1) Assets Under Management includes Evercore assets which are managed by Evercore Wealth Management of $223.4 million and $319.8 million as of September 30, 2020 and December 31, 2019, respectively.

The following table represents the composition of our AUM for Wealth Management and Institutional Asset Management as of September 30, 2020:

	Wealth Management	Institutional Asset Management
Equities	59%	27%
Fixed Income	25%	73%
Liquidity(1)	11%	—%
Alternatives	5%	—%
Total	100%	100%

(1) Includes cash, cash equivalents and U.S. Treasury securities.

Our Wealth Management business serves individuals, families and related institutions delivering customized investment management, financial planning, and trust and custody services. Investment portfolios are tailored to meet the investment objectives of individual clients and reflect a blend of equity, fixed income and other products. Fees charged to clients reflect the composition of the assets managed and the services provided. Investment performance in the Wealth Management businesses is measured against appropriate indices based on the AUM, most frequently the S&P 500 and a composite fixed income index principally reflecting BarCap and MSCI indices.

For the nine months ended September 30, 2020, AUM for Wealth Management increased 5%, primarily reflecting a 4% increase due to market appreciation and a 1% increase due to flows. Wealth Management outperformed the S&P 500 on a 1 and

3-year basis by approximately 10% and 5%, respectively, during the period. Wealth Management lagged the fixed income composite on a 1 and 3 year basis by approximately 140 basis points and 60 basis points, respectively. For the period, the S&P 500 and fixed income composite were up approximately 6% and 4%, respectively.

Our Institutional Asset Management business reflects assets managed by ECB, which primarily manages Mexican Government and corporate fixed income securities, as well as equity products. ECB utilizes the IPC Index, which is a capitalization weighted index of leading equities traded on the Mexican Stock Exchange and the Cetes 28 Index, which is an index of Treasury Bills issued by the Mexican Government, as benchmarks in reviewing their performance and managing their investment decisions.

For the nine months ended September 30, 2020, AUM for Institutional Asset Management decreased 13%, primarily reflecting a 15% decrease due to market depreciation, partially offset by a 2% increase due to flows. ECB's AUM market depreciation reflects market volatility, as well as the impact of the fluctuation of foreign currency. ECB outperformed the equities index and outperformed the fixed income index on two of their three portfolios for the nine months ended September 30, 2020.

AUM from our unconsolidated affiliates increased 3% compared to December 31, 2019, primarily related to positive performance in Atalanta Sosnoff.

Three Months Ended September 30, 2020 versus September 30, 2019

Net Investment Management Revenues were $17.1 million for the three months ended September 30, 2020, compared to $14.2 million for the three months ended September 30, 2019, which represented an increase of $2.9 million, or 20%. Asset Management and Administration Fees earned from the management of client portfolios increased 11% from the three months ended September 30, 2019, primarily driven by an increase of $1.5 million in fees from Wealth Management clients, as associated AUM increased 10%. Fee-based revenues included $0.01 million of revenues from performance fees for the three months ended September 30, 2020 and 2019. Other Revenue, net, increased from the three months ended September 30, 2019, primarily as a result of the gain on the sale of the ECB Trust Business, as well as higher performance from our legacy private equity investments. Income from Equity Method Investments increased from the three months ended September 30, 2019, primarily as a result of an increase in earnings from our investment in Atalanta Sosnoff.

Operating Expenses were $12.2 million for the three months ended September 30, 2020, compared to $12.0 million for the three months ended September 30, 2019, an increase of $0.1 million, or 1%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $9.0 million for the three months ended September 30, 2020, compared to $8.6 million for the three months ended September 30, 2019, an increase of $0.4 million, or 5%. Non-Compensation expenses, as a component of Operating Expenses, were $3.2 million for the three months ended September 30, 2020, compared to $3.4 million for the three months ended September 30, 2019, a decrease of $0.2 million, or 6%.

Other Expenses of $0.3 million and $0.2 million for the three months ended September 30, 2020 and 2019, respectively, included Acquisition and Transition Costs.

Nine Months Ended September 30, 2020 versus September 30, 2019

Net Investment Management Revenues were $42.1 million for the nine months ended September 30, 2020, compared to $43.0 million for the nine months ended September 30, 2019, which represented a decrease of $0.9 million, or 2%. Asset Management and Administration Fees earned from the management of client portfolios increased 6% from the nine months ended September 30, 2019, primarily driven by an increase of $3.2 million in fees from Wealth Management clients, as associated AUM increased 10%. Fee-based revenues included $0.08 million and $0.02 million of revenues from performance fees for the nine months ended September 30, 2020 and 2019, respectively. Other Revenue, net, decreased from the nine months ended September 30, 2019, primarily as a result of lower performance from our legacy private equity investments. Income from Equity Method Investments increased from the nine months ended September 30, 2019, as a result of an increase in earnings from our investments in Atalanta Sosnoff and ABS in 2020.

Operating Expenses were $36.5 million for the nine months ended September 30, 2020, compared to $36.2 million for the nine months ended September 30, 2019, an increase of $0.3 million, or 1%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $26.0 million for the nine months ended September 30, 2020, compared to $25.6 million for the nine months ended September 30, 2019, an increase of $0.4 million, or 2%. Non-Compensation expenses, as a component of Operating Expenses, were $10.5 million for the nine months ended September 30, 2020, compared to $10.6 million for the nine months ended September 30, 2019, a decrease of $0.1 million, or 1%.

Other Expenses of $0.3 million for the nine months ended September 30, 2020 included Acquisition and Transition Costs of $0.3 million and Special Charges, Including Business Realignment Costs of $0.03 million, related to separation and transition benefits and related costs. Other Expenses of $0.3 million for the nine months ended September 30, 2019 included Acquisition and Transition Costs.

Cash Flows

Our operating cash flows are primarily influenced by the timing and receipt of investment banking and investment management fees (for further information see *COVID-19* below), and the payment of operating expenses, including incentive compensation to our employees and interest expense on our repurchase agreements, Notes Payable and lines of credit, and the payment of income taxes. Investment Banking advisory fees are generally collected within 90 days of billing. However, placement fees may be collected within 180 days of billing, with fees related to private funds capital raising being collected in a period exceeding one year. Commissions earned from our agency trading activities are generally received from our clearing broker within 11 days. Fees from our Wealth Management and Institutional Asset Management businesses are generally billed and collected within 90 days. We traditionally pay a substantial portion of incentive compensation to personnel in the Investment Banking business and to executive officers during the first three months of each calendar year with respect to the prior year's results and prior year's deferred compensation. Likewise, payments to fund investments related to hedging our deferred cash compensation plans are generally funded in the first three months of each calendar year. Our investing and financing cash flows are primarily influenced by activities to invest our cash in highly liquid securities or bank certificates of deposit, deploy capital to fund investments and acquisitions, raise capital through the issuance of stock or debt, repurchase of outstanding Class A Shares, and/or noncontrolling interest in Evercore LP, as well as our other subsidiaries, payment of dividends and other periodic distributions to our stakeholders. We generally make dividend payments and other distributions on a quarterly basis. We periodically draw down on our lines of credit to balance the timing of our operating, investing and financing cash flow needs. A summary of our operating, investing and financing cash flows is as follows:

	For the Nine Months Ended September 30,	
	2020	2019
	(dollars in thousands)	
Cash Provided By (Used In)		
Operating activities:		
Net income	$ 157,228	$ 227,961
Non-cash charges	332,234	308,730
Other operating activities	(206,267)	(445,736)
Operating activities	283,195	90,955
Investing activities	481,244	(353,989)
Financing activities	(248,357)	(218,614)
Effect of exchange rate changes	(1,302)	(4,869)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	514,780	(486,517)
Cash, Cash Equivalents and Restricted Cash		
Beginning of Period	643,886	800,096
End of Period	$ 1,158,666	$ 313,579

Nine Months Ended September 30, 2020. Cash, Cash Equivalents and Restricted Cash were $1.16 billion at September 30, 2020, an increase of $514.8 million versus Cash, Cash Equivalents and Restricted Cash of $643.9 million at December 31, 2019. Operating activities resulted in a net inflow of $283.2 million, primarily related to earnings, partially offset by the payment of 2019 bonus awards and deferred cash compensation. Cash of $481.2 million was provided by investing activities primarily related to net proceeds from sales and maturities of investment securities and the maturity of certificates of deposit, partially offset by purchases of equipment and leasehold improvements, primarily related to the expansion of our headquarters in New York. Financing activities during the period used cash of $248.4 million, primarily for purchases of treasury stock and the payment of dividends and distributions to noncontrolling interest holders. Cash is also impacted due to the effect of foreign exchange rate fluctuation when translating non-U.S. currencies to U.S. Dollars.

Nine Months Ended September 30, 2019. Cash, Cash Equivalents and Restricted Cash were $313.6 million at September 30, 2019, a decrease of $486.5 million versus Cash, Cash Equivalents and Restricted Cash of $800.1 million at December 31, 2018.

Operating activities resulted in a net inflow of $91.0 million, primarily related to earnings, partially offset by the payment of 2018 incentive compensation. Cash of $354.0 million was used in investing activities primarily related to net purchases of investment securities and certificates of deposit and purchases of furniture, equipment and leasehold improvements, primarily related to the expansion of our headquarters in New York. Financing activities during the period used cash of $218.6 million, primarily for purchases of treasury stock and noncontrolling interests, the payment of dividends and distributions to noncontrolling interest holders, partially offset by the issuance of the 2019 Private Placement Notes. For further information see Note 12 to our unaudited condensed consolidated financial statements.

Liquidity and Capital Resources

General

Our current assets include Cash and Cash Equivalents, Investment Securities and Certificates of Deposit, Accounts Receivable and contract assets, included in Other Current Assets, relating to Investment Banking and Investment Management revenues. Our current liabilities include accrued expenses, accrued liabilities related to improvements in our leased facilities, accrued employee compensation and short-term borrowings. We traditionally have made payments for employee bonus awards and year-end distributions to partners in the first quarter of the year with respect to the prior year's results. In addition, payments in respect of deferred cash compensation arrangements and related investments are also made in the first quarter. From time to time, advances and/or commitments may also be granted to new employees at or near the date they begin employment, or to existing employees for the purpose of incentive or retention. Cash distributions related to partnership tax allocations are made to the partners of Evercore LP and certain other entities in accordance with our corporate estimated payment calendar; these payments are made prior to the end of each calendar quarter. In addition, dividends on Class A Shares, and related distributions to partners of Evercore LP, are paid when and if declared by the Board of Directors, which is generally quarterly.

We regularly monitor our liquidity position, including cash, other significant working capital, current assets and liabilities, long-term liabilities, lease commitments and related fixed assets, principal investment commitments related to our Investment Management business, dividends on Class A Shares, partnership distributions and other capital transactions, as well as other matters relating to liquidity and compliance with regulatory requirements. Our liquidity is highly dependent on our revenue stream from our operations, principally from our Investment Banking business, which is a function of closing transactions and earning success fees, the timing and realization of which is irregular and dependent upon factors that are not subject to our control. Our revenue stream funds the payment of our expenses, including annual bonus payments, a portion of which are guaranteed, deferred compensation arrangements, interest expense on our repurchase agreements, Notes Payable, lines of credit and other financing arrangements and income taxes. Payments made for income taxes may be reduced by deductions taken for the increase in tax basis of our investment in Evercore LP. Certain of these tax deductions, when realized, require payment under our long-term liability, Amounts Due Pursuant to Tax Receivable Agreements. We intend to fund these payments from cash and cash equivalents on hand, principally derived from cash flows from operations. These tax deductions, when realized, will result in cash otherwise required to satisfy tax obligations becoming available for other purposes. Our Management Committee meets regularly to monitor our liquidity and cash positions against our short and long-term obligations, as well as our capital requirements and commitments. The result of this review contributes to management's recommendation to the Board of Directors as to the level of quarterly dividend payments, if any.

As a financial services firm, our businesses are materially affected by conditions in the global financial markets and economic conditions throughout the world. Revenue generated by our advisory activities is related to the number and value of the transactions in which we are involved. In addition, revenue related to our equities business is driven by market volumes and institutional investor trends, such as the trend to passive investment strategies. During periods of unfavorable market or economic conditions, the number and value of M&A transactions, as well as market volumes in equities, generally decrease, and they generally increase during periods of favorable market or economic conditions. Restructuring activity generally is counter-cyclical to M&A activity. In addition, during periods of unfavorable market conditions our Investment Management business may be impacted by reduced equity valuations and generate relatively lower revenue because fees we receive, either directly or through our affiliates, typically are in part based on the market value of underlying publicly-traded securities. Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs within a time frame and in an amount sufficient to match any decreases in revenue relating to changes in market and economic conditions. Likewise, our liquidity may be adversely impacted by our contractual obligations, including lease obligations. Reduced equity valuations resulting from future adverse economic events and/or market conditions may impact our performance and may result in future net redemptions of AUM from our clients, which would generally result in lower revenues and cash flows. These adverse conditions could also have an impact on our goodwill impairment assessment, which is done annually, as of November 30th, or more frequently if circumstances indicate impairment may have occurred. For information on the current environment see *COVID-19* below.

Changes in regulation, market structure or business activity arising from the U.K.'s implementation of its separation from the European Union may have a negative impact on our business operations in the U.K., and globally, over the intermediate term. We will continue to monitor and manage the potential implications of the separation, including assessing opportunities that may arise, as the potential impact on the U.K. and European economy becomes more evident.

We assess our equity method investments for impairment annually, or more frequently if circumstances indicate impairment may have occurred. These circumstances could include unfavorable market conditions or the loss of key personnel of the investee.

COVID-19

The worldwide COVID-19 pandemic has posed, and is expected to continue posing, significant challenges for our business. Our revenues and cash flows have been adversely impacted to date, although our broad and diverse capabilities, including underwriting, restructuring, capital markets advisory and equity commissions and related fees, have enabled us to predominantly offset weakened M&A activity and offer relevant services to our clients. Our teams, the substantial majority of whom are working remotely, continue to work diligently, though there remains uncertainty as to how the pandemic and government response may impact the markets and our clients' needs in the future. We continue to monitor our cash levels, liquidity, regulatory capital requirements, debt covenants and our other contractual obligations regularly, as well as decisions related to capital projects and returning capital to investors. For a further discussion of risks related to our business, refer to "Risk Factors" in our 2019 Form 10-K and in Item 1A. "Risk Factors" of our Form 10-Q for the first quarter of 2020.

Treasury and Noncontrolling Interest Repurchases

We periodically repurchase Class A Shares and/or LP Units into Treasury in order to offset the dilutive effect of equity awards granted as compensation (see Note 16 to our unaudited condensed consolidated financial statements for further information.) The amount of cash required for these share repurchases is a function of the mix of equity and deferred cash compensation awarded for the annual bonus awards (see further discussion on deferred compensation under *Other Commitments* below). In addition, we may from time to time, purchase noncontrolling interests in subsidiaries.

On October 23, 2017, our Board of Directors authorized (in addition to the net settlement of equity awards) the repurchase of Class A Shares and/or LP Units so that from that date forward, we are able to repurchase an aggregate of the lesser of $750.0 million worth of Class A Shares and/or LP Units and 8.5 million Class A Shares and/or LP Units. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price, economic and market conditions and the objective to reduce the dilutive effect of equity awards granted as compensation to employees. This program may be suspended or discontinued at any time and does not have a specified expiration date. During the nine months ended September 30, 2020, we repurchased 854,134 Class A Shares, at an average cost per share of $75.93, for $64.9 million pursuant to our repurchase program.

In addition, periodically, we buy shares into treasury from our employees in order to allow them to satisfy their minimum tax requirements for share deliveries under our share equity plan. During the nine months ended September 30, 2020, we repurchased 1,032,557 Class A Shares, at an average cost per share of $76.18, for $78.6 million primarily related to minimum tax withholding requirements of share deliveries.

The aggregate 1,886,691 Class A Shares repurchased during the nine months ended September 30, 2020, were acquired for aggregate purchase consideration of $143.5 million, at an average cost per share of $76.07. For further information see *COVID-19* above.

Private Placements

On March 30, 2016, we issued an aggregate $170.0 million of senior notes, including: $38.0 million aggregate principal amount of our 4.88% Series A Notes, $67.0 million aggregate principal amount of our 5.23% Series B Notes, $48.0 million aggregate principal amount of our 5.48% Series C Notes and $17.0 million aggregate principal amount of our 5.58% Series D Notes, pursuant to the 2016 Note Purchase Agreement dated as of March 30, 2016, among the Company and the purchasers party thereto in a private placement exempt from registration under the Securities Act of 1933.

Interest on the 2016 Private Placement Notes is payable semi-annually and the 2016 Private Placement Notes are guaranteed by certain of our domestic subsidiaries. We may, at our option, prepay all, or from time to time any part of, the 2016 Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the 2016 Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the 2016 Private Placement Notes will have the right to require us to prepay the entire unpaid principal amounts held by each holder of the 2016 Private Placement Notes plus accrued and unpaid interest to the prepayment date. The 2016 Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio, a minimum tangible net worth and a minimum interest coverage ratio, and customary events of default. As of September 30, 2020, we were in compliance with all of these covenants.

On August 1, 2019, we issued $175.0 million and £25.0 million of senior unsecured notes through private placement. These notes reflect a weighted average life of 12 years and a weighted average stated interest rate of 4.26%. These notes include: $75.0 million aggregate principal amount of our 4.34% Series E Notes, $60.0 million aggregate principal amount of our 4.44% Series F Notes, $40.0 million aggregate principal amount of our 4.54% Series G Notes and £25.0 million aggregate principal amount of our 3.33% Series H Notes, each of which were issued pursuant to the 2019 Note Purchase Agreement, among the Company and the purchasers party thereto in a private placement exempt from registration under the Securities Act of 1933.

Interest on the 2019 Private Placement Notes is payable semi-annually and the 2019 Private Placement Notes are guaranteed by certain of our domestic subsidiaries. We may, at our option, prepay all, or from time to time any part of, the 2019 Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the 2019 Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the 2019 Private Placement Notes will have the right to require us to prepay the entire unpaid principal amounts held by each holder of the 2019 Private Placement Notes plus accrued and unpaid interest to the prepayment date. The 2019 Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio and a minimum tangible net worth, and customary events of default. As of September 30, 2020, we were in compliance with all of these covenants.

Lines of Credit

On June 24, 2016, East entered into a loan agreement with PNC for a revolving credit facility in an aggregate principal amount of up to $30.0 million, to be used for working capital and other corporate activities. This facility is secured by East's accounts receivable and the proceeds therefrom, as well as certain assets of EGL, including certain of EGL's accounts receivable. In addition, the agreement contains certain reporting covenants, as well as certain debt covenants that prohibit East and us from incurring other indebtedness, subject to specified exceptions. We and our consolidated subsidiaries were in compliance with these covenants as of September 30, 2020. Drawings under this facility bear interest at the prime rate. On March 11, 2019, East drew down $30.0 million on this facility, which was repaid on May 3, 2019. East amended this facility on October 30, 2020 such that, among other things, the interest rate provisions were modified to LIBOR plus 150 basis points and the maturity date was extended to October 31, 2022.

On July 26, 2019, East entered into an additional loan agreement with PNC for a revolving credit facility in an aggregate principal amount of up to $20.0 million, to be used for working capital and other corporate activities. The facility is unsecured. In addition, the agreement contains certain reporting requirements and debt covenants consistent with the Existing PNC Facility. We and our consolidated subsidiaries were in compliance with these covenants as of September 30, 2020. On October 30, 2020, East amended this facility such that, among other things, the revolving credit facility has increased to an aggregate principal amount of $30.0 million. Drawings under this facility will bear interest at LIBOR plus 180 basis points and the maturity date was extended to October 31, 2022. East is only permitted to borrow under this facility if there is no undrawn availability under the Existing PNC Facility and must repay indebtedness under this facility prior to repaying indebtedness under the Existing PNC Facility. There have been no drawings under this facility as of September 30, 2020.

ECB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The facility has a maximum aggregate principal amount of approximately $6.8 million and is secured by trading securities. No interest is charged on the intra-day facility. The overnight facility is charged the Inter-Bank Balance Interest Rate plus 10 basis points. There have been no significant draw downs on ECB's line of credit since August 10, 2006. The line of credit is renewable annually.

Other Commitments

We have a long-term liability, Amounts Due Pursuant to Tax Receivable Agreements, which requires payments to certain Senior Managing Directors. This liability was re-measured following the decrease in income tax rates in the U.S. in 2018 and future years in conjunction with the enactment of the Tax Cuts and Jobs Act on December 22, 2017.

We have made certain capital commitments with respect to our investment activities, as well as commitments related to contingent consideration from our acquisitions, which are included in the Contractual Obligations section below.

Pursuant to deferred compensation and deferred consideration arrangements, we are obligated to make cash payments in future periods. Further, we make investments to hedge the economic risk of the return on deferred compensation. For further information see Notes 7 and 16 to our unaudited condensed consolidated financial statements.

Certain of our subsidiaries are regulated entities and are subject to capital requirements. For further information see Note 18 to our unaudited condensed consolidated financial statements.

On July 1, 2018, we entered into a new lease agreement for office space at our headquarters at 55 East 52nd St., New York, New York, and subsequently entered into an amendment to this lease agreement for additional office space, as well as extending our original commitment, on December 6, 2019. We expect to spend approximately $16 million, net of a tenant improvement allowance, to improve the premises under this lease over the next twelve months. Our work at these premises, which was temporarily suspended at the end of the first quarter as a result of the COVID-19 pandemic, resumed in June. For further information see Note 10 to our unaudited condensed consolidated financial statements and *COVID-19* above.

Collateralized Financing Activity at ECB

ECB enters into repurchase agreements with clients seeking overnight money market returns whereby ECB transfers to the clients Mexican government securities in exchange for cash and concurrently agrees to repurchase the securities at a future date for an amount equal to the cash exchanged plus a stipulated premium or interest factor. ECB deploys the cash received from, and acquires the securities deliverable to, clients under these repurchase arrangements by purchasing securities in the open market or by entering into reverse repurchase agreements with unrelated third parties. We account for these repurchase and reverse repurchase agreements as collateralized financing transactions. We record a liability on our Unaudited Condensed Consolidated Statements of Financial Condition in relation to repurchase transactions executed with clients as Securities Sold Under Agreements to Repurchase. We record as assets on our Unaudited Condensed Consolidated Statements of Financial Condition, Financial Instruments Owned and Pledged as Collateral at Fair Value (where we have acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and Securities Purchased Under Agreements to Resell (where we have acquired the securities deliverable to clients under these repurchase agreements by entering into reverse repurchase agreements with unrelated third parties). These Mexican government securities included in Financial Instruments Owned and Pledged as Collateral at Fair Value on the Unaudited Condensed Consolidated Statements of Financial Condition have an estimated average time to maturity of approximately 1.2 years, as of September 30, 2020, and are pledged as collateral against repurchase agreements, which are collateralized financing agreements. Generally, collateral is posted equal to the contract value at inception and is subject to market changes. These repurchase agreements are primarily with institutional customer accounts managed by ECB, generally mature within one business day and permit the counterparty to pledge the securities. Increases and decreases in asset and liability levels related to these transactions are a function of growth in ECB's AUM, as well as clients' investment allocations requiring positioning in repurchase transactions.

ECB has procedures in place to monitor the daily risk limits for positions taken, as well as the credit risk based on the collateral pledged under these agreements against their contract value from inception to maturity date. The daily risk measure is VaR, which is a statistical measure, at a 98% confidence level, of the potential daily losses from adverse market movements in an ordinary market environment based on a historical simulation using the prior year's historical data. The Committee has established a policy to maintain VaR at levels below 0.1% of the value of the portfolio. If at any point in time the threshold is exceeded, ECB personnel are alerted by an automated interface with ECB's trading systems and begin to make adjustments in the portfolio in order to mitigate the risk and bring the portfolio in compliance. Concurrently, ECB personnel must notify the Committee of the variance and the actions taken to reduce the exposure to loss.

In addition to monitoring VaR, ECB periodically performs discrete Stress Tests to assure that the level of potential losses that would arise from extreme market movements that may not be anticipated by VaR measures are within acceptable levels. The table below includes a key stress test monitored by the Committee, noted as the sensitivity to a 100 basis point change in interest rates. This analysis assists ECB in understanding the impact of an extreme move in rates, assuring the Collateralized Financing portfolio is structured to maintain risk at an acceptable level, even in extreme circumstances.

The Committee meets monthly to analyze the overall market risk exposure based on positions taken, as well as the credit risk, based on the collateral pledged under these agreements against the contract value from inception to maturity date. In these meetings the Committee evaluates risk from an operating perspective, VaR, and an exceptional perspective, Stress Tests, to determine the appropriate level of risk limits in the current environment.

We periodically assess the collectability or credit quality related to securities purchased under agreements to resell.

As of September 30, 2020 and December 31, 2019, a summary of ECB's assets, liabilities and risk measures related to its collateralized financing activities is as follows:

	September 30, 2020		December 31, 2019	
	Amount	Market Value of Collateral Received or (Pledged)	Amount	Market Value of Collateral Received or (Pledged)
	(dollars in thousands)			
Assets				
Financial Instruments Owned and Pledged as Collateral at Fair Value	$ 13,279		$ 12,431	
Securities Purchased Under Agreements to Resell	8,766	$ 8,763	13,566	$ 13,572
Total Assets	$ 22,045		$ 25,997	
Liabilities				
Securities Sold Under Agreements to Repurchase	$ (22,050)	$ (22,057)	$ (26,000)	$ (25,992)
Net Liabilities	$ (5)		$ (3)	
Risk Measures				
VaR	$ 3		$ 1	
Stress Test:				
Portfolio sensitivity to a 100 basis point increase in the interest rate	$ (1)		$ (1)	
Portfolio sensitivity to a 100 basis point decrease in the interest rate	$ 1		$ 1	

Contractual Obligations

For a further discussion of our contractual obligations, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

On July 1, 2018, we entered into a new lease agreement for office space at our headquarters at 55 East 52nd St., New York, New York. Under the terms of the agreement, we committed to extend the lease term for our current space and add space on up to seven additional floors, three of which commenced as of the lease's effective date. We anticipate we will take possession of the remainder of these floors over the next three years. On December 6, 2019, the lease was modified to add an additional floor and to extend the lease term for all current and prospective space to end on December 31, 2035. When all floors have commenced, we will have approximately 375,000 square feet of space at this location. For further information see Note 10 to our unaudited condensed consolidated financial statements.

We had total commitments (not reflected on our Unaudited Condensed Consolidated Statements of Financial Condition) relating to future capital contributions to private equity funds of $12.0 million and $13.8 million as of September 30, 2020 and December 31, 2019, respectively. We expect to fund these commitments with cash flows from operations. We may be required to fund these commitments at any time through June 2028, depending on the timing and level of investments by our private equity funds.

Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any leasing activities that expose us to any liability that is not reflected in our unaudited condensed consolidated financial statements.

Market Risk and Credit Risk

We, in general, are not a capital-intensive organization and as such, are not subject to significant market or credit risks. Nevertheless, we have established procedures to assess both the market and credit risk, as well as specific investment risk, exchange rate risk and credit risk related to receivables.

Market and Investment Risk

We hold equity securities and invest in exchange-traded funds and mutual funds, principally as an economic hedge against our deferred compensation program. As of September 30, 2020, the fair value of our investments with these products, based on closing prices, was $96.1 million.

We estimate that a hypothetical 10%, 20% and 30% adverse change in the market value of the investments would have resulted in a decrease in pre-tax income of approximately $9.6 million, $19.2 million and $28.8 million, respectively, for the three months ended September 30, 2020.

In February 2020, we entered into four-month futures contracts on a stock index fund with a notional amount of $38.9 million, as an economic hedge against our deferred cash compensation program. These contracts settled in June 2020. In accordance with ASC 815, these contracts were carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. The Company had realized losses of ($4.0) million for the nine months ended September 30, 2020.

In April 2019, we entered into three-month futures contracts on a stock index fund with a notional amount of $14.8 million for $0.7 million, as an economic hedge against the deferred cash compensation program. These contracts settled in June 2019. In accordance with ASC 815, these contracts are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. The Company had net realized gains of $0.1 million for the nine months ended September 30, 2019.

See "-Liquidity and Capital Resources" above for a discussion of collateralized financing transactions at ECB.

Private Equity Funds

Through our principal investments in private equity funds and our ability to earn carried interest from these funds, we face exposure to changes in the estimated fair value of the companies in which these funds invest. Valuations and analysis regarding our investments in Trilantic and Glisco are performed by their respective professionals, and thus we are not involved in determining the fair value for the portfolio companies of such funds.

We estimate that a hypothetical 10% adverse change in the value of the private equity funds would have resulted in a decrease in pre-tax income of approximately $1.5 million for the three months ended September 30, 2020.

Exchange Rate Risk

We have foreign operations, through our subsidiaries and affiliates, primarily in Europe, Asia and Mexico, as well as provide services to clients in other jurisdictions, which creates foreign exchange rate risk. We have not entered into any transactions to hedge our exposure to foreign exchange fluctuations in these subsidiaries through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U.S. dollar would result in an adverse or beneficial impact to our financial results. A significant portion of our European, Asian and Latin American revenues and expenses have been, and will continue to be, derived from contracts denominated in foreign currencies (i.e. British Pounds sterling, Euros, Mexican pesos, Brazilian real, among others). Historically, the value of these foreign currencies has fluctuated relative to the U.S. dollar. For the nine months ended September 30, 2020, the net impact of the fluctuation of foreign currencies recorded in Other Comprehensive Income (Loss) within the Unaudited Condensed Consolidated Statement of Comprehensive Income was ($2.9) million. It is generally not our intention to hedge our foreign currency exposure in these subsidiaries, and we will reevaluate this policy from time to time.

Credit Risks

We maintain cash and cash equivalents, as well as certificates of deposit, with financial institutions with high credit ratings. At times, we may maintain deposits in federally insured financial institutions in excess of federally insured ("FDIC") limits or enter into sweep arrangements where banks will periodically transfer a portion of our excess cash position to a money market fund. However, we believe that we are not exposed to significant credit risk due to the financial position of the depository institutions or investment vehicles in which those deposits are held.

Accounts Receivable consists primarily of advisory fees and expense reimbursements billed to our clients. Other Assets includes long-term receivables from fees related to private funds capital raising. Receivables are reported net of any allowance for doubtful accounts. We maintain an allowance for doubtful accounts to provide coverage for probable losses from our customer receivables and determine the adequacy of the allowance by estimating the probability of loss based on the our analysis of historical credit loss experience of our client receivables, and taking into consideration current market conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The Investment Banking and Investment Management receivables collection periods generally are within 90 days of invoice, with the exception of placement fees, which are generally collected within 180 days of invoice, and fees related to private funds capital raising, which are collected in a period exceeding one year. The collection period for restructuring transaction receivables may exceed 90 days. We recorded bad debt expense of approximately $5.9 million and $2.6 million for the nine months ended September 30, 2020 and 2019, respectively.

As of September 30, 2020 and December 31, 2019, total receivables recorded in Accounts Receivable amounted to $282.4 million and $296.4 million, respectively, net of an allowance for doubtful accounts, and total receivables recorded in Other Assets amounted to $63.0 million and $63.6 million, respectively.

Other Current Assets and Other Assets include arrangements in which an estimate of variable consideration has been included in the transaction price and thereby recognized as revenue that precedes the contractual due date (contract assets). As of September 30, 2020, total contract assets recorded in Other Current Assets and Other Assets amounted to $19.3 million and $2.4 million, respectively. As of December 31, 2019, total contract assets recorded in Other Current Assets and Other Assets amounted to $31.5 million and $2.5 million, respectively.

With respect to our Investment Securities portfolio, which is comprised primarily of highly-rated corporate and municipal bonds, treasury bills, exchange-traded funds, mutual funds and securities investments, we manage our credit risk exposure by limiting concentration risk and maintaining investment grade credit quality. As of September 30, 2020, we had Investment Securities of $100.8 million, of which 5% were treasury bills and notes.

Critical Accounting Policies and Estimates

The unaudited condensed consolidated financial statements included in this report are prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions regarding future events that affect the amounts reported in our consolidated financial statements and their notes, including reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We base these estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates. For a discussion of our critical accounting policies and estimates, refer to our Annual Report on Form 10-K for the year ended December 31, 2019.

We adopted ASU 2016-13 on January 1, 2020, which requires credit losses to be based on expected losses rather than incurred losses. See Notes 2 and 3 to our unaudited condensed consolidated financial statements for further information.

Recently Issued Accounting Standards

For a discussion of other recently issued accounting standards and their impact or potential impact on our consolidated financial statements, see Note 3 to our unaudited condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk and Credit Risk." We do not believe we face any material interest rate risk, foreign currency exchange risk, equity price risk or other market risk except as disclosed in Item 2 " – Market Risk and Credit Risk" above.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based upon that evaluation and subject to the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Controls over Financial Reporting

We have not made any changes during the three months ended September 30, 2020 that have materially affected, or reasonably affect, our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act).

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, from time to time, the Company and its affiliates are involved in judicial or regulatory proceedings, arbitration or mediation concerning matters arising in connection with the conduct of its businesses, including contractual and employment matters. In addition, Mexican, United Kingdom, German, Hong Kong, Singapore, Canadian, Dubai and United States government agencies and self-regulatory organizations, as well as state securities commissions in the United States, conduct periodic examinations and initiate administrative proceedings regarding the Company's business, including, among other matters, accounting and operational matters, that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, investment advisor, or its directors, officers or employees. In view of the inherent difficulty of determining whether any loss in connection with such matters is probable and whether the amount of such loss can be reasonably estimated, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, the Company cannot estimate the amount of such loss or range of loss, if any, related to such matters, how or if such matters will be resolved, when they will ultimately be resolved, or what the eventual settlement, fine, penalty or other relief, if any, might be. Subject to the foregoing, the Company believes, based on current knowledge and after consultation with counsel, that it is not currently party to any material pending proceedings (including the matter described below), individually or in the aggregate, the resolution of which would have a material effect on the Company. Provisions for losses are established in accordance with ASC 450, when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

2020	Total Number of Shares (or Units) Purchased(1)	Average Price Paid Per Share	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs(2)
January 1 to January 31	32,232	$ 76.45	25,000	4,094,401
February 1 to February 29	1,742,690	76.99	825,134	3,269,267
March 1 to March 31	66,958	65.83	—	3,269,267
Total January 1 to March 31	1,841,880	$ 76.57	850,134	3,269,267
April 1 to April 30	9,394	$ 52.62	—	3,269,267
May 1 to May 31	9,000	49.98	—	3,269,267
June 1 to June 30	10,541	57.11	4,000	3,265,267
Total April 1 to June 30	28,935	$ 53.43	4,000	3,265,267
July 1 to July 31	5,275	$ 57.53	—	3,265,267
August 1 to August 31	5,229	55.30	—	3,265,267
September 1 to September 30	5,372	62.19	—	3,265,267
Total July 1 to September 30	15,876	$ 58.37	—	3,265,267
Total January 1 to September 30	1,886,691	$ 76.07	854,134	3,265,267

(1) Includes the repurchase of 991,746, 24,935 and 15,876 shares in treasury transactions arising from net settlement of equity awards to satisfy minimum tax obligations during the three months ended March 31, 2020, June 30, 2020 and September 30, 2020, respectively.

(2) On October 23, 2017, our Board of Directors authorized (in addition to the net settlement of equity awards) the repurchase of Class A Shares and/or LP Units so that from that date forward, Evercore is able to repurchase an aggregate of the lesser of $750.0 million worth of Class A Shares and/or LP Units and 8.5 million Class A Shares and/or LP Units. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. This program may be suspended or discontinued at any time and does not have a specified expiration date.

Item 6. Exhibits and Financial Statement Schedules

Exhibit Number	Description
31.1	Certification of the Co-Chief Executive Officer pursuant to Rule 13a-14(a) (filed herewith)
31.2	Certification of the Co-Chief Executive Officer pursuant to Rule 13a-14(a) (filed herewith)
31.3	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) (filed herewith)
32.1	Certification of the Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of the Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.3	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101.INS	The following materials from the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, are formatted in Inline XBRL: (i) Condensed Consolidated Statements of Financial Condition as of September 30, 2020 and December 31, 2019, (ii) Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2020 and 2019, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2020 and 2019, (iv) Condensed Consolidated Statements of Changes in Equity for the three and nine months ended September 30, 2020 and 2019, (v) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2020 and 2019, and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text including detailed tags
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 is formatted in Inline XBRL (and contained in Exhibit 101)

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 2, 2020

Evercore Inc.

By: /S/ RALPH SCHLOSSTEIN

Name: **Ralph Schlosstein**

Title: **Co-Chief Executive Officer and Co-Chairman**

By: /S/ JOHN S. WEINBERG

Name: **John S. Weinberg**

Title: **Co-Chief Executive Officer and Co-Chairman**

By: /S/ ROBERT B. WALSH

Name: **Robert B. Walsh**

Title: **Chief Financial Officer**

Exhibit 31.1

CO-CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Ralph Schlosstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Evercore Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: November 2, 2020

/ s /   RALPH SCHLOSSTEIN

Ralph Schlosstein
Co-Chief Executive Officer and Co-Chairman

Exhibit 31.2

CO-CHIEF EXECUTIVE OFFICER CERTIFICATION

I, John S. Weinberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Evercore Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Dated: November 2, 2020

/ s / JOHN S. WEINBERG

John S. Weinberg
Co-Chief Executive Officer and Co-Chairman

Exhibit 31.3

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Robert B. Walsh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Evercore Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Dated: November 2, 2020

/ s /   ROBERT B. WALSH

Robert B. Walsh
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of the Co-Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Evercore Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ralph Schlosstein, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 2, 2020

/ s / RALPH SCHLOSSTEIN

Ralph Schlosstein
Co-Chief Executive Officer and Co-Chairman

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

Certification of the Co-Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Evercore Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John S. Weinberg, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 2, 2020

/ s / JOHN S. WEINBERG

John S. Weinberg
Co-Chief Executive Officer and Co-Chairman

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.3

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Evercore Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert B. Walsh, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 2, 2020

/ s / ROBERT B. WALSH

Robert B. Walsh
Chief Financial Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.