



**AMICORP**  
Bank and Trust  
Limited

# AMICORP BANK AND TRUST ESCROW SERVICES

*Escrow generally refers to money held by a third party on behalf of transacting parties. The main purpose is to mitigate fraud. An escrow agent must properly account for the escrow funds and ensure that the funds are explicitly used for the purpose intended in the escrow agreement.*

## WHY USE AN ESCROW

An escrow agent is an impartial (uninvolved) party that provides security to the completion of specific transactions. In general, an escrow agent keeps property (e.g., money) or legal documents in its custody (as trustee or bailee) until predefined conditions are met (e.g., to complete an agreement).

When escrow assets are monies, the assets are placed into a unique, individual escrow account. An escrow (account) is a dedicated bank account held with (or by) a neutral, financially trusted third party. This trusted third party, the escrow agent, distributes the money from the dedicated escrow account only following the satisfaction of all

conditions set out in advance in an agreement between contracting parties.

## CLASSIC ESCROW MECHANICS

A buyer and a seller provide information to an escrow agent regarding a transaction between the buyer and the seller. The escrow agent prepares an escrow agreement and opens a dedicated escrow account. The buyer can use this escrow account to deposit money and/or documents (e.g., securities) while waiting for the seller to deliver all agreed elements according to their transaction documents. The escrow agent releases the money and/or documents from escrow only after the release conditions, described in the escrow agreement, have been met.



## EXAMPLES OF ESCROW SERVICES

- ➔ M&A: Holdbacks, good faith deposits, and other monies held to facilitate an M&A transaction and to ensure compliance with parties' representations, warranties, or affirmative covenants
- ➔ Asset sales: An alternative to Standby Letters of Credit for the sale of assets or inventory. A more flexible, economical, and attractive solution that minimizes financial performance risks without the usage of credit lines
- ➔ Capital raising: Subscription funds held pending successful initial public offering or other forms of capital raising. Particularly applicable with Private Equity, Hedge Funds, and Venture Capital
- ➔ Joint venture: Facility put in place to ensure that two or more parties sharing the revenues of a venture get agreed-upon amounts
- ➔ Financing related: Escrows that enhance the credit quality of debt obligations
- ➔ Rentals or other asset-related income used to pay debt and/or other asset maintenance-related expenses
- ➔ Escrowed cash or securities insulate disruptions of debt service payments due to cash flow shortfall
- ➔ Exchange agent: Escrow deposits are used to pay tendering holders in a tender or exchange offer

## THE ADVANTAGES

- ➔ It is easy to set-up an escrow agreement with tailor-made release conditions
- ➔ The seller is sure that the buyer has made the money and/or documents available to the trusted third party, the escrow agent
- ➔ The buyer can be sure that the money and/or documents will only be released as agreed in the escrow agreement

## ARRANGING AN ESCROW WITH ABT

- ➔ Provide ABT with the required information by completing the escrow services pre-clearance form, ABT's General Conditions/other terms and conditions form, and the parties' Board of Directors resolutions. All documents will be provided by the Relationship Manager of the respective Amicorp office
- ➔ ABT will then provide you with a price indication for the escrow you require

- ➔ Upon accepting ABT's offer, we will provide you with a tailor-made escrow agreement, and we will initiate the Client Acceptance Procedure on all parties involved. ABT will perform due diligence checks on both parties to the escrow agreement, all Corporate and Individuals KYC documents of both the parties will be required
- ➔ The parties will sign the escrow agreement, after which the escrow amount will be paid to the dedicated escrow account
- ➔ Once ABT has received the amount in escrow, it will be confirmed to all parties
- ➔ When the escrow release conditions are met, ABT will immediately release the amount and/or documents to the designated beneficiary. It is also possible for both buyer and seller to carry out repeat-transactions under the same escrow agreement
- ➔ When the entire escrowed amount is released, the escrow is closed

## AMICORP GROUP YOUR BUSINESS IS OUR BUSINESS

Amicorp is a boutique service provider with a dedicated network of international experts and specialists. We offer a wide range of customized solutions to help businesses grow and be successful. Our innovative solutions include cross-border structuring, corporate assurance and regulatory compliance support, and multi-facet business support alternatives for companies wanting to invest or expand locally or globally. In addition, we offer fund administration, financial services and global family office solutions, all addressing the distinct needs of our clients. We collaborate with and support clients in over 100 countries worldwide; we offer them solutions that they are looking for in today's ever-changing macro environment.

*International networking  
and global experience by a team of 700+ knowledgeable experts*



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