What is Additional Tier-1 Bonds?

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About AT1 bonds

- These bonds are **unsecured bonds** that have perpetual tenors, are issued by banks and have **no maturity date.**
- They have a call option, which can be used by the banks to buy these bonds back from investors. These bonds are typically used by banks to bolster their core or tier-1 capital.
- These AT1 bonds are subordinate to all other debt and only senior to common equity.
- These bonds were **introduced** by the **Basel accord** after the global financial crisis to protect depositors.

Q1) What is the Basel Accord?

It refers to a series of three international banking regulatory meetings that established capital requirements and risk measurements for global banks.

Source: Additional Tier-1 bonds, and the case against Yes Bank