Amortizing Bond Introduction

An amortizing bond is a bond whose principal (face value) decreases due to repaying part of the principal along with the coupon payments. Each payment to the amortizing bond holder consists of a portion of interest and a portion of principal.

An accreting bond is a bond whose principal increases during the life of the deal. Each payment to the accreting bond holder is just a part of interest. The other part of coupon is added to the principal of the bond.

An amortizing bond is used specifically for tax purposes as the amortized principal is treated as part of a company's interest expense. The issuer credits the amortized principal amount to interest payable, i.e., an accrued liability.

An accreting bond is used to improve the profit of the existing bond and make it more marketable. Pension funds and insurance companies are major investors in accreting bonds.

Reference:

https://finpricing.com/lib/IrCurve.html