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# BoB in talks to buy Central Bank's housing finance arm

By PTI | Dec 11, 2016, 02.32 PM IST

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MUMBAI: Looking to strengthen its position in the [home loan](#) segment, [Bank of Baroda](#) is in talks to buy a majority stake in [Cent Bank Home Finance](#) (CBHFL), the housing finance subsidiary of [Central Bank of India](#), say sources.

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Central Bank holds 64 per cent stake in CBHFL, while Hudco, UTI and National Housing Bank are the other promoters.

"Talks are at an advanced stage. Central Bank has agreed to sell its entire stake to BoB," a source told PTI.

It is, however, not clear whether Bank of Baroda has approached other shareholders of CBHFL to purchase their stakes as well.

According to sources, BoB has appointed SBI Capital Markets, while Central Bank has engaged a couple of merchant bankers including IDBI Capital as advisors.

Both, Bank of Baroda as well as Central Bank did not respond to calls and text messages.

CBHFL was incorporated as Apna Ghar Vitta Nigam and was subsequently renamed as Cent Bank Home Finance. It began operations in June 1991.

Investment bankers say Central Bank could get Rs 250 crore for its 64 per cent stake in CBHFL.

The deal is part of Central Bank's attempt to shore up its bleeding balance-sheet, which has been mauled by mounting bad loans since the past few years. The cash-strapped government had earlier this year asked its banks to sell noncore assets to beef up core capital.

At the recent first tranche of capital infusion, the government had given Rs 1,729 crore to Central Bank.

In the September quarter, its gross NPAs doubled to 13.70 per cent year-on-year, while its net NPAs more than doubled to 8.17 per cent. For 2015-16, GNPA stood at 11.95 per cent and net [NPA](#) stood at 7.36 per cent.

In 2014, the bank had tried to sell its 8.34 per cent stake in IL&FS. But so far, the deal could not happen as the bank was unable to get right price for its stake in the infrastructure financing firm.

The home loan market, which includes banks and housing finance companies, is roughly growing at 25-30 per cent.

Home loans currently constitute nearly 10 per cent of the overall advances of BoB and in the September quarter, this portfolio stood at Rs 26,327 crore, registering a year-on-year growth of 12 per cent.

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