



## If You're Looking to Bank on Innovation, CIBC (TSX:CM) Is the Obvious Choice

### Description

It won't come as a surprise to most investors that **CIBC** ([TSX:CM](#))([NYSE:CM](#)) stock is the second-worst-performing Big Five bank in 2019, up just 8.7% through April 11, trailing **Bank of Montreal** by a full 683 basis points.

CIBC continues to be the ugly duckling of Canadian banking. No matter what it does to counter that opinion, investors aren't buying what it's selling, which is too bad because there's a lot of exciting lending going on at CIBC's [Innovation Banking](#) division.

Here are just a couple of the recent tidbits of news flowing out of CIBC.

### Lightspeed's lender of choice

Montreal point-of-sale software company **Lightspeed** went public in March at \$16 a share. Up 38% in the month since its IPO, CIBC Innovation Banking is Lightspeed's lender of choice.

On April 2, the bank's Innovation division announced it had closed the US\$55 million debt facility it had previously announced it was providing Lightspeed to help fund its growth strategy, including potential acquisitions.

"We are excited to partner with Lightspeed, a true Canadian technology success story, as the company continues to strengthen its position on the global stage" said Mark McQueen, president and executive managing director, CIBC Innovation Banking. "The team has successfully added innovative capabilities to continue to meet the growing needs of SMBs, while equipping them with the latest technology and providing a simplified user experience."

Although CIBC is focusing on tech startups, it's moved some of its attention to the energy patch where it feels its innovation banking business can help the oil industry take innovation to the next level in Canada.

That's good for the bank and better news for the country.

## CIBC's most recent announcement

In an ironic sense of timing given the college admissions scandal that's all over the news these days, CIBC announced April 10 that it's providing Parchment, an Arizona-based education company that digitizes and distributes education credential records for K-12 students as well as those in college and university, with US\$7 million in growth capital.

"Led by a team with deep experience in education, Parchment is developing innovative solutions that meet the needs of all stakeholders, with a strong focus on trust and efficiency," said Charlie Kelly, managing director, CIBC Innovation Banking in Denver, CO, "and we're pleased to support the next stage of their growth."

Whether it's an innovative company in Canada or the U.S., CIBC is committed to lending money to further innovation.

## Back up the truck

Fellow Fool contributor Joey Frenette recently argued that CIBC stock is a screaming buy.

"I think the discount on CIBC's shares is unsustainable. The U.S. business is firing on all cylinders, and given the incredibly low expectations that have now been placed on CIBC, I think the stock has the most upside of the Big Five for investors looking to play a rebound in the banking sector," Frenette [stated](#).

He's right.

Investors have failed to recognize how much CIBC has changed in the past couple of years. Earnings misses aside, the bank's innovation lending is going to put it at the front of the pack in three to five years.

And as for all the doubting Thomases who continue to harp about the bank's exposure to Canadian housing, CEO Victor Dodig isn't worried.

"When you talk about credit risk, I don't see any big issues out there," Dodig told BNN *Bloomberg* April 10. "Sure, we have lent to Canadians for their homes. We feel very comfortable with our portfolio."

As do I.

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