

*December 20, 2016***Spring Bank Pharmaceuticals, Inc.**
(SBPH/NASDAQ/\$7.79/Buy)*Sherry Grisewood, CFA*
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Continuing to expand on collaboration opportunities, Spring Bank has announced a new preclinical research collaboration with Arbutus Biopharma (NASDAQ/ABUS/\$2.67/Not rated). Arbutus is a Hepatitis B (HBV)-centric company whose combination therapy approach fits well with Spring Bank's SB9200 oral immune modulator. The collaboration will focus on preclinical studies in HBV involving the co-administration of SB9200 and Arbutus's AB-423 capsid assembly inhibitor.

Arbutus's technology addresses the HBV viral replication process upstream of the action of nucleos(t)ides, which only reduce serum HBV DNA levels but do not impact viral replication. Thus, despite lower serum HBV DNA, the infection persists because the virus is still replicating within the liver cell. The HBV capsid (core) protein uses the liver cell to convert encapsulated viral rcDNA to cccDNA. By inhibiting assembly of the viral capsid, the ability of hepatitis B virus to replicate is impaired, resulting in reduced cccDNA. AB-423 is an orally-available small molecule with a potential dual mode of inhibition that targets inhibition of pgRNA encapsidation during ongoing infection and inhibition of cccDNA synthesis by interfering with capsid uncoating prior to translation. Preclinical data on AB-423 has been presented at scientific conferences during 2016 and the Company intends to file an IND for AB-423 late this month or in early Q1 2017.

The preclinical work contemplated in the combination of SB 9200 and AB-423 will be the first step in evaluating how a capsid assembly inhibitor can be combined with an oral immune-modulator in the treatment of chronic HBV. The versatility of Spring Bank's technology-independent immune-modulator platform is demonstrated in the Arbutus collaboration since in this case, SB9200 is being combined with another small molecule. This contrasts with Spring Bank's preclinical research collaboration assessing SB9200 combination with RNAi-based therapies. It is also a further validation of the need for adding an immune component to any truly effective treatment of HBV.

Registration Statement Filed

Spring Bank filed a S1 registration statement on December 16th related to the resale by certain selling stockholders. The prospectus covers up to 3,830,321 shares of common stock held by the selling stockholders, and 1,798,084 shares of common stock issuable upon the exercise of outstanding warrants to purchase common stock held by the selling stockholders. The Company will not receive any proceeds from the sale of these shares by the selling stockholders. In the interests of disclosure, Dawson James Securities and its principals are among the selling shareholders listed in the prospectus.

We are maintaining our BUY rating on Spring Bank shares. SG



Company Notes provide current information we believe might be noteworthy to investors regarding the subject companies. Company Notes are not intended to be complete research reports. More detailed information concerning the rated companies referenced in this Note, including the full reports, basis for price targets and other disclosures, may be found at: http://dawsonjames.com/research_coverage.

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- 2) **Neutral:** the analyst believes the price of the stock is fairly valued for the next 12-18 months;
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The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	2	33%	1	50%
Market Perform (Neutral)	0	0%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Rating Suspensions*	4	67%	4	100%
Total	6	100%	5	83%

*Suspensions are ratings under review for possible change due to unusual market-moving news, and/or analyst departure/change

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