****PRESS RELEASE****

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HOMETOWN BANCORP, INC. ANNOUNCES FOURTH QUARTER AND YEAR END 2010 EARNINGS

Hometown Bancorp, Inc., (the “Company”) (OTCBB: HTWC) the mid-tier holding company for Walden Federal Savings and Loan Association (the “Bank”), announced earnings of $121,000, for the three months ended December 31, 2010 as compared to $185,000 for the same period in 2009. The primary reason for the decrease in earnings for the quarter ended December 31, 2010 was an increase in non-interest expense, an increase in the provision for loan losses, partially offset by an increase in the Company’s net interest income and an increase in mortgage banking income.

Earnings for the year ended December 31, 2010 were $580,000 as compared to $585,000 for 2009. The primary reason for the slight decrease in earnings for the year ended December 31, 2010 was an increase in the provision for loan losses, an increase in non-interest expense and a decrease in non-interest income, partially offset by the increase in the Company’s net interest income.

Net interest income increased by $48,000 or 2.8%, to $1.8 million for the three months ended December 31, 2010 compared to the prior year period. The primary reason for the increase in net interest income during the quarter ended December 31, 2010, was the decrease in the average cost of interest-bearing liabilities of 46 basis points to 0.80% as compared to the three months ended December 31, 2009. The decrease in average cost of interest-bearing liabilities was partially offset by a decrease in the average yield of interest-earning assets of 27 basis points to 5.57% for the three months ended December 31, 2010. The interest rate spread increased by 19 basis points to 4.77% for the three months ended December 31, 2010 from 4.58% for the three months ended December 31, 2009. The net interest margin increased by 10 basis points to 4.93% for the three month period ended December 31, 2010 as compared to the three month period ended December 31, 2009.

Net interest income increased by $377,000 or 5.9%, to $6.8 million for the year ended December 31, 2010 compared to the prior year. The primary reason for the increase in net interest income during the year ended December 31, 2010, was the decrease in the average cost of interest-bearing liabilities of 71 basis points to 0.98% when compared to the year ended December 31, 2009. The decrease in average cost of interest-bearing liabilities was partially offset by a decrease in the average yield of interest-earning assets of 25 basis points to 5.59% for the year ended December 31, 2010. The interest rate spread increased by 46 basis points to 4.61% for the year ended December 31, 2010 from 4.15% for the year ended December 31, 2009. The net interest margin increased by 30 basis points to 4.80% for the year ended December 31, 2010 as compared to the year ended December 31, 2009.

The provision for loan losses for the quarter ended December 31, 2010 was $314,000, an increase of $87,000 as compared to the quarter ended December 31, 2009. The increase in the provision for loan losses during the three months ended December 31, 2010 was partially the result of management's decision to increase the specific allowance by $254,000 for non-performing loan relationships in the Bank's market area. In the three months ended December 31, 2009 the Bank recorded a specific allowance of $101,000, which was included in the provision for loan losses of $227,000.

The provision for loan losses for the year ended December 31, 2010 was $862,000, an increase of $206,000 as compared to the provision for loan losses for the prior year. The allowance for loan losses totaled $2.4 million at December 31, 2010, or 1.67% of total loans, as compared to $1.9 million, or 1.38% of total loans as of December 31, 2009. The increase in the provision for loan losses during the year ended December 31, 2010 was partially the result of management's increase in the specific allowance of $375,000 for non-performing loan relationships in the Bank's market area and management's consideration for continued economic weakness in the Bank's market area during 2010 necessitating a higher level of allowance. There were net charge-offs of approximately $419,000 during the year ended December 31, 2010 compared to net charge-offs of $86,000 during the prior year.

Non-interest income was $687,000 for the quarter ended December 31, 2010 compared to $410,000 for the quarter ended December 31, 2009. The primary reason for the increase in non-interest income for the quarter ended December 31, 2010, was mortgage banking income, net, which increased by $322,000. This was a result of increased volume of loans sold and unfunded loans committed to be sold during the fourth quarter of 2010. Banking fees and service charges decreased by $50,000 as a result of customer preference for service charge free accounts and the competitive banking environment for core deposits.

Non-interest income was $2.0 million for the year ended December 31, 2010 compared to $2.1 million for the year ended December 31, 2009. The primary reason for the decrease in non-interest income for the year ended December 31, 2010, was a decline in banking fees and service charges. Banking fees and service charges decreased by $104,000 as a result of customer preference for service charge free accounts and the competitive banking environment for core deposits. Other non-interest income decreased by $32,000, primarily due to a loss of rental income compared to the year ended December 31, 2009. The decrease was partially offset by an increase in mortgage banking income, net, by $83,000. This gain was a result of increased volume of loans sold and unfunded loans committed to be sold during the second half of 2010.

Non-interest expense increased by $373,000 and was $2.0 million for the quarter ended December 31, 2010 compared to $1.6 million for the quarter ended December 31, 2009. Non-interest expense increased primarily due to increases in salaries and employee benefits expense of $158,000, other real estate owned expense of $133,000 and other operating expense of $94,000. These increases were partially offset by decreases in professional fees of $25,000.

Non-interest expense increased by $164,000 and was $7.1 million for the year ended December 31, 2010, compared to $6.9 million for the year ended December 31, 2009. Non-interest expense increased primarily due to increases in other real estate owned expense of $277,000, and increases in salaries and employee benefits expense of $64,000. The increases in non-interest expense were partially offset by a decrease in FDIC deposit insurance premiums of $115,000, as a result of the special FDIC assessment paid in 2009 and a decrease in professional fees of $83,000.

Total assets declined $861,000, or 0.6%, to $155.4 million at December 31, 2010 from $156.3 million at December 31, 2009. The decrease was due primarily to a decrease in cash and cash equivalents of $3.7 million, offset by an increase in loans receivable, net of $1.9 million, an increase in loans held for sale of $786,000 and an increase in other real estate owned of $452,000, from December 31, 2009 to December 31, 2010. The primary reasons for the growth in loans during 2010 were increases of $4.0 million in residential mortgages, increases of $1.2 million in land loans and increases of $1.5 million in commercial real estate loans, offset by decreases of $1.0 million in construction mortgages and $3.4 million in commercial business loans.

Nonperforming loans totaled $7.2 million, or 5.1%, of total loans at December 31, 2010 compared to $5.6 million, or 4.0%, of total loans at December 31, 2009. Nonperforming loans at December 31, 2010 were comprised primarily of $4.2 million in one- to -four family residential loans, $1.9 million of land loans (which included $1.7 million of loans extended to two residential subdivisions), two loans to builders for construction of unsold homes totaling $621,000, commercial real estate loans of $416,000 and commercial business loans of $25,000.

Other real estate owned totaled $1.9 million at December 31, 2010 compared to $1.4 million at December 31, 2009. Other real estate owned consisted of three residential properties, four residential building lots and two commercial buildings. During the year ended December 31, 2010, we foreclosed on a commercial building with a carrying value of $360,000, three one- to -four family residential properties with a carrying value of $598,000 and two land loans with a carrying value of $323,000. During the year ended December 31, 2010, two one- to -four family residential properties and the commercial building foreclosed during 2010 were sold resulting in a $5,000 loss for the year.

Total deposits were $129.1 million at December 31, 2010 compared to $131.7 million at December 31, 2009, a decrease of approximately $2.6 million or 2.0%. The decrease in deposits consisted primarily of a decrease in certificates of deposit of $8.3 million. This decrease was offset by an increase in savings accounts of $2.7 million and an increase in money market and interest checking accounts of approximately $2.3 million.

Total borrowings were $4.9 million at December 31, 2010 compared to $3.0 million at December 31, 2009. Total borrowings increased to partially offset the decrease in deposits.

Total stockholders' equity increased $525,000 from $19.3 million at December 31, 2009 to $19.8 million at December 31, 2010. Equity increased primarily due to net earnings of $580,000 for the year ended December 31, 2010, partially offset by dividends declared of $81,000 during 2010.

On January 21, 2011, the Board of Directors announced a cash dividend of $0.02 per share of Hometown Bancorp, Inc. common stock. The dividend will be payable to stockholders of record as of February 4, 2011, and is expected to be paid on February 18, 2011. Hometown Bancorp MHC which holds approximately 56.3% of the Company's total outstanding shares will waive receipt of the dividend on its shares.

Established in 1919, the Bank is a community-oriented financial institution headquartered in Walden, New York. Through its nine offices, the Bank offers a full-range of financial services to individuals and businesses within its market area. For more information on Hometown Bancorp, Inc. and Walden Federal Savings and Loan Association go to our website www.waldenfederal.com.

This press release contains certain forward-looking statements that are based on assumptions and may describe future plans, strategies and expectations of the Company. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like "believe," "expect," "anticipate," "estimate" and "intend" or future or conditional verbs such as “will,” “would,” “should,” “could” or “may.” Certain factors that could cause actual results to differ materially from expected results include changes in the interest rate environment, changes in general economic conditions, legislative and regulatory changes that adversely affect the business of the Company and the Bank, and changes in the securities markets. Except as required by law, the Company does not undertake any obligation to update any forward-looking statements to reflect changes in belief, expectations or events.

(Dollars in thousands)	**December 31, 2010**		**December 31, 2009**	
Financial Condition Data:				
Total assets	**$155,406**		$156,267	
Investment securities	**359**		1,290	
Loans held for sale	**1,961**		1,175	
Loans receivable, net	**138,678**		136,793	
Deposits	**129,103**		131,748	
Borrowings	**4,900**		3,000	
Total stockholders’ equity	**19,814**		19,289	
Capital Ratios:				
Average equity to average assets	**12.68**	%	12.50	%
Equity to total assets at the end of the period	**12.75**		12.34	
Asset Quality Ratios:				
Allowance for loan losses as a percent of total loans	**1.67**	%	1.38	%
Allowance for loan losses as a percent of nonperforming loans	**32.70**		34.48	
Net charge-offs to average outstanding loans during the period	**0.30**		0.06	
Nonperforming loans as a percent of total loans	**5.12**		4.01	
Nonperforming assets as a percent of total assets	**5.86**		4.48	

(Dollars in thousands)	Three Months Ended December 31, 2010	2009	Year Ended December 31, 2010	2009
Operating Data:				
Interest income	**$ 2,010**	$ 2,091	**$ 7,925**	$ 8,344
Interest expense	**232**	361	**1,120**	1,916
Net interest income	**1,778**	1,730	**6,805**	6,428
Provision for loan losses	**314**	227	**862**	656
Net interest income after provision for loan losses	**1,464**	1,503	**5,943**	5,772
Noninterest income	**687**	410	**2,024**	2,069
Noninterest expenses	**1,984**	1,611	**7,051**	6,887
Income before taxes	**167**	302	**916**	954
Income tax expense	**46**	117	**336**	369
Net income	**$ 121**	$ 185	**$ 580**	$ 585
Earnings Per Common Share:				
Basic and diluted	**$ 0.05**	$ 0.08	**$ 0.26**	$ 0.26
Weighted average shares outstanding	**2,251**	2,246	**2,249**	2,246
Performance Ratios (1):				
Return on average assets	**0.31** %	0.48 %	**0.37** %	0.38 %
Return on average equity	**2.43**	3.83	**2.94**	3.06
Interest rate spread (2)	**4.77**	4.58	**4.61**	4.15
Net interest margin (3)	**4.93**	4.83	**4.80**	4.50
Noninterest income to average assets	**1.75**	1.06	**1.30**	1.35
Noninterest expense to average assets	**5.06**	4.17	**4.53**	4.50
Efficiency ratio (4)	**80.49**	75.28	**79.86**	81.05
Average interest-earning assets to average interest-bearing liabilities	**124.99**	125.03	**123.99**	125.78
Dividends declared per share	**$ 0.02**	$ 0.02	**$ 0.08**	$ 0.06
Book value per share			**$ 8.52**	$ 8.29

(1) Performance ratios are annualized.
(2) Represents the difference between the weighted average yield on average interest-earning assets and the weighted average cost of interest-bearing liabilities.
(3) Represents net interest income as a percent of average interest-earning assets.
(4) Represents noninterest expense divided by the sum of net interest income and noninterest income.