****PRESS RELEASE****

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August 8, 2011

HOMETOWN BANCORP, INC. ANNOUNCES REGULATORY APPROVAL FOR BRANCH ACQUISITION AND SECOND QUARTER 2011 EARNINGS

Hometown Bancorp, Inc., (the "Company") (OTCBB: HTWC) the mid-tier holding company for Walden Federal Savings and Loan Association (the "Bank"), announced the Bank received regulatory approval on July 15, 2011 to purchase the branch office located at 412 Route 17M, Monroe, New York from First Federal Savings of Middletown, Middletown, New York. At June 30, 2011 the branch had approximately $21.2 million of deposits. The Bank expects to complete the branch acquisition on or about September 9, 2011.

The Company announced earnings of $124,000, for the three months ended June 30, 2011 as compared to $12,000 for the same period in 2010. The primary reason for the increase in earnings for the quarter ended June 30, 2011 was a decrease in the Company's provision for loan losses and an increase in realized gains on sale of other real estate owned property, partially offset by an increase in non-interest expense.

Earnings for the six months ended June 30, 2011 were $251,000 as compared to $243,000 for the same period in 2010. The primary reason for the increase in earnings for the six months ended June 30, 2011 was a decrease in the Company's provision for loan losses, an increase in mortgage banking income as a result of increased originations of residential mortgage loans sold into the secondary market and an increase in realized gains on sale of other real estate owned property, partially offset by an increase in non-interest expense and a decrease in net interest income.

Net interest income increased by $11,000 or 0.7%, to $1.7 million for the three months ended June 30, 2011 compared to the prior year period. The primary reason for the increase in net interest income during the quarter ended June 30, 2011, was the decrease in the average cost of interest-bearing liabilities of 35 basis points to 0.68% as compared to the three months ended June 30, 2010, partially offset by a decrease in the average yield of interest-earning assets of 22 basis points to 5.29% for the three months ended June 30, 2011. The interest rate spread increased by 13 basis points to 4.61% for the three months ended June 30, 2011 from 4.48% for the three months ended June 30, 2010. The net interest margin increased by 6 basis points to 4.74% for the three month period ended June 30, 2011 as compared to the three month period ended June 30, 2010.

Net interest income decreased by $30,000 or 0.9%, to $3.3 million for the six months ended June 30, 2011 compared to the prior year period. The primary reason for the decrease in net interest income during the six months ended June 30, 2011, was the decrease in the average yield of interest-earning assets of 34 basis points to 5.26% when compared to the six months ended June 30, 2010, partially offset by a decrease in the average cost of interest-bearing liabilities of 37 basis points to 0.70% when compared to the six months ended June 30, 2010. The interest rate spread increased by 3 basis points to 4.56% for the six months ended June 30, 2011 from 4.53% for the six months ended June 30, 2010. The net interest margin decreased by 2 basis points to 4.70% for the six month period ended June 30, 2011 as compared to the six month period ended June 30, 2010.

The provision for loan losses for the quarter ended June 30, 2011 was $154,000, a decrease of $184,000 as compared to the quarter ended June 30, 2010. The decrease was primarily a result of a decrease in net charge-offs of approximately $166,000 to $184,000 during the second quarter of 2011 compared to net charge-offs of $350,000 during the prior year period.

The provision for loan losses for the six months ended June 30, 2011 was $178,000, a decrease of $210,000 as compared to the provision for loan losses for the prior year period. The decrease was partially the result of a decrease in loans and the mix of loans at June 30, 2011. There were net charge-offs of approximately $329,000 during the six months of 2011 (of which $193,000 was recorded in the provision for loan losses during 2010) compared to net charge-offs of $349,000 during the prior year period. The allowance for loan losses totaled $2.2 million at June 30, 2011, or 1.58% of total loans, as compared to $2.4 million, or 1.67% of total loans as of December 31, 2010.

Non-interest income was $442,000 for the quarter ended June 30, 2011 compared to $405,000 for the quarter ended June 30, 2010. The primary reason for the increase in non-interest income for the quarter ended June 30, 2011, was a gain on sale of other real estate owned of $54,000 from PMI Mortgage Insurance Company ("PMI") claim proceeds and an increase in other non-interest income of $16,000. These increases were offset by a decrease in mortgage banking income, net, of $12,000. This was a result of decreased volume of loans sold during the second quarter of 2011and a decrease in unfunded loans committed to be sold at June 30, 2011. Banking fees and service charges decreased by $15,000 as a result of customer preference for service charge free accounts and the competitive banking environment for core deposits.

Non-interest income was $894,000 for the six months ended June 30, 2011 compared to $817,000 for the six months ended June 30, 2010. The primary reason for the increase in non-interest income for the six months ended June 30, 2011, was mortgage banking income, net, which increased by $59,000. This was a result of increased volume of loans sold during the first half of 2011. Gain on sale of other real estate owned increased by $33,000; primarily from a PMI claim proceeds during the second quarter of 2011, in addition, other non-interest income increased by $15,000. These increases were partially offset by decreases in banking fees and service charges of $29,000 as a result of customer preference for service charge free accounts and the competitive banking environment for core deposits.

Non-interest expense increased by $55,000 and was $1.8 million for the quarter ended June 30, 2011, compared to the prior quarter ended June 30, 2010. Non-interest expense increased primarily due to increases in salaries and employee benefits expense of $66,000, increases in other operating expense of $28,000, which was a result of expenses on delinquent loans of approximately $32,000, increased advertising and marketing expense of $28,000 and legal expenses of $21,000, which were related to the branch acquisition. These increases were partially offset by decreases of $65,000 in other real estate owned expense, primarily as a result of expenses reimbursed by PMI and less expense compared to the same period in 2010, and a decrease of $23,000 in FDIC premiums.

Non-interest expense increased by $251,000 and was $3.6 million for the six months ended June 30, 2011, compared to $3.4 million for the six months ended June 30, 2010. Non-interest expense increased primarily due to increases in salaries and employee benefits expense of $140,000, increases in other operating expense of $131,000, which was a result of expenses on delinquent loans of approximately $122,000, increased advertising and marketing expense of $33,000 and legal expenses of $18,000, of which $21,000 was related to the branch acquisition. These increases were partially offset by decreases of $53,000 in other real estate owned expense, primarily as a result of expenses reimbursed by PMI and less expense compared to the same period in 2010, and a decrease of $28,000 in FDIC premiums.

Total assets declined $3.1 million, or 2.0%, to $152.3 million at June 30, 2011 from $155.4 million at December 31, 2010. The decrease was due primarily to a decrease in loans receivable, net of $1.4 million, a decrease in loans held for sale of $749,000, a decrease of $559,000 in other real estate owned and a decrease in cash and cash equivalents of $337,000, from December 31, 2010 to June 30, 2011. The primary reasons for the reduction in loans during 2011 were decreases of $1.0 million in construction mortgages, and decreases of $785,000 in home equity loans and $404,000 in land loans, offset by increases of $492,000 in residential mortgages and increases of $141,000 in commercial business loans.

Nonperforming loans totaled $7.3 million, or 5.3%, of total loans at June 30, 2011 compared to $7.2 million, or 5.1%, of total loans at December 31, 2010. The $7.3 million in nonperforming loans at June 30, 2011 were comprised of $4.2 million in one-to four-family residential loans, $2.0 million of land loans (of which $1.7 million is extended to two residential subdivisions), two loans to builders for construction of unsold homes totaling $621,000, one commercial building totaling $309,000 and three home equity loans totaling $289,000.

Other real estate owned totaled $1.3 million at June 30, 2011 compared to $1.9 million at December 31, 2010. Other real estate owned at June 30, 2011 consisted of two residential properties, six residential building lots and two commercial buildings. During the six months ended June 30, 2011, we foreclosed on two residential properties totaling $331,000 and two residential building lots totaling $149,000. During the six months ended June 30, 2011, we sold two residential properties for $572,000 and two residential building lots for $270,000, which resulted in a gain of approximately $33,000.

Total deposits were $127.1 million at June 30, 2011 compared to $129.1 million at December 31, 2010, a decrease of $2.0 million or 1.6%. The decrease in deposits consisted primarily of declines in certificates of deposit which decreased by $3.6 million. The decrease in certificates of deposit was the result of management allowing higher interest rate accounts to mature. The decrease in deposits also consisted of non-interest checking which decreased by $866,000. This decrease was offset in part by an increase in savings accounts of $1.6 million, and an increase in money market and interest checking accounts of approximately $782,000.

Total borrowings were $3.3 million at June 30, 2011 compared to $4.9 million at December 31, 2010. The borrowings were paid down by the reduction in loans during the first six months of 2011.

Total stockholders’ equity increased $225,000 from $19.8 million at December 31, 2010 to $20.0 million at June 30, 2011. Equity increased primarily due to earnings of $251,000 for the six months ended June 30, 2011, partially offset by dividends declared of $41,000 during 2011.

On July 22, 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 August 5, 2011, and is expected to be paid on August 19, 2011.

Established in 1919, the Bank is a community-oriented financial institution headquartered in Walden, New York. Through its six 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)	**June 30, 2011**		**December 31, 2010**	
Financial Condition Data:				
Total assets	**$152,331**		$155,406	
Cash and cash equivalents	**4,086**		4,423	
Investment securities	**313**		359	
Loans held for sale	**1,212**		1,961	
Loans receivable, net	**137,313**		138,678	
Deposits	**127,078**		129,103	
Borrowings	**3,325**		4,900	
Total stockholders’ equity	**20,039**		19,814	
Capital Ratios:				
Average equity to average assets	**13.05**	%	12.68	%
Equity to total assets at the end of the period	**13.15**		12.75	
Asset Quality Ratios:				
Allowance for loan losses as a percent of total loans	**1.58**	%	1.67	%
Allowance for loan losses as a percent of nonperforming loans	**30.08**		32.70	
Net charge-offs to average outstanding loans during the period (annualized)	**0.47**		0.30	
Nonperforming loans as a percent of total loans	**5.27**		5.12	
Nonperforming assets as a percent of total assets	**5.70**		5.86	

(Dollars in thousands)	Three Months Ended June 30, 2011	2010	Six Months Ended June 30, 2011	2010
Operating Data:				
Interest income	**$ 1,859**	$ 1,954	**$ 3,706**	$ 3,956
Interest expense	**191**	297	**397**	617
Net interest income	**1,668**	1,657	**3,309**	3,339
Provision for loan losses	**154**	338	**178**	388
Net interest income after provision for loan losses	**1,514**	1,319	**3,131**	2,951
Non-interest income	**442**	405	**894**	817
Non-interest expenses	**1,758**	1,703	**3,622**	3,371
Income before taxes	**198**	21	**403**	397
Income tax expense	**74**	9	**152**	154
Net income	**$ 124**	$ 12	**$ 251**	$ 243
Earnings Per Common Share:				
Basic and diluted	**$ 0.05**	$ 0.01	**$ 0.11**	$ 0.11
Weighted average shares outstanding	**2,253**	2,249	**2,253**	2,249
Performance Ratios (1):				
Return on average assets	**0.32** %	0.03 %	**0.33** %	0.31 %
Return on average equity	**2.47**	0.24	**2.50**	2.48
Interest rate spread (2)	**4.61**	4.48	**4.56**	4.53
Net interest margin (3)	**4.74**	4.68	**4.70**	4.72
Non-interest income to average assets	**1.15**	1.05	**1.16**	1.05
Non-interest expense to average assets	**4.59**	4.39	**4.71**	4.32
Efficiency ratio (4)	**83.32**	82.59	**86.18**	81.11
Average interest-earning assets to average interest-bearing liabilities	**125.04**	123.26	**124.51**	122.77
Dividends declared per share	**$ 0.02**	$ 0.02	**$ 0.04**	$ 0.04
Book value per share			**$8.62**	$8.38

(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 non-interest expense divided by the sum of net interest income and non-interest income.