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Portland, Maine

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Berry, Dunn, McNeil & Parker
Portland, Maine

First National Lincoln Corporation
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First Quarter 2007 Financial Results



April 30, 2007

Dear First National Lincoln Corporation Shareholder:

I am pleased to report the cash dividend for the first quarter of 2007 is \$0.165 per share, a half-cent increase over the \$0.160 per share declared in the fourth quarter of 2006. This first-quarter dividend also represents an increase of 13.8% over the first-quarter dividend declared in 2006 and is the 46th consecutive quarter of dividend increases for First National Lincoln Corporation. On an annualized basis, the quarterly dividend of \$0.165 per share amounts to \$0.66 per share. With our March 31, 2007, closing price of \$15.92, this annualized cash dividend produced a yield of 4.15%, certainly a very strong current return even in this higher interest rate environment.

The Company posted unaudited earnings of \$3,003,000 for the quarter ended March 31, 2007. This is a \$25,000 increase over the \$2,978,000 earned by FNLC in the first quarter of 2006. Earnings per share were \$0.31 on a fully diluted basis for the quarter, an increase of \$0.01 or 3.3% compared to \$0.30 reported for the first quarter of 2006. These results for the first quarter 2007 are not only up compared to the first quarter of 2006, but also represent an increase from the fourth quarter of 2006. I see these results as a good start for the current year.

Although net interest income was down by \$183,000 compared to the first quarter of 2006, the net interest margin of 3.16% was up by five basis points from the 3.11% margin for the fourth quarter 2006. On another positive note, our operating expenses declined by \$184,000 or 3.4% in the first quarter of 2007 compared to the same period in 2006. This in effect offset the net interest income decline. It also translated into an improved efficiency ratio in the first quarter – 51.16% compared to 52.60% for the same period in 2006. We have been very aggressive in reducing operating costs since the FNB Bankshares acquisition and have lowered our efficiency ratio by nearly 5.00% from the pro-forma 56.09% posted for the first quarter of 2005 when the acquisition took place.

Loan growth of \$8.0 million or 1.0% during the first quarter, which is small for First National Lincoln Corporation based on historical performance, was somewhat disappointing. However, the quality of the growth was very good and overall loan quality of the portfolio remained very strong.

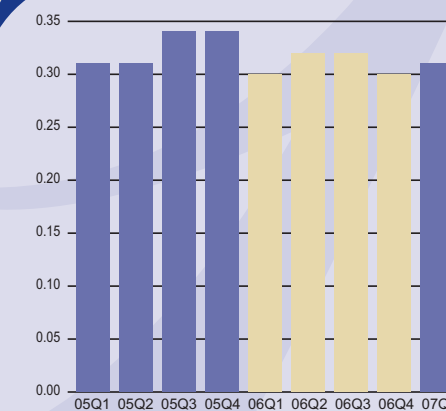
All in all, this is a good start to the year. The banking industry is still facing many challenges given the inverted yield curve, weak loan demand and continued lackluster housing market. First National Lincoln Corporation, I feel, is well positioned to weather these cyclical challenges and be an even stronger and more efficient company.

Thank you for your support and confidence in First National Lincoln Corporation.

Very truly yours,

Daniel R. Daigneault
President & Chief Executive Officer

FNLC Earnings Per Share



Consolidated Balance Sheets *(unaudited)*

<i>Dollars in thousands</i>	March 31, 2007	December 31, 2006	March 31, 2006
Assets			
Cash and due from banks	\$ 21,103	\$ 24,188	\$ 21,052
Overnight funds sold	-	-	-
Securities available for sale	43,924	44,815	54,369
Securities to be held to maturity (fair value \$133,474 at March 31, 2007, \$134,649 at December 31, 2006, and \$131,610 at March 31, 2006)	134,466	135,734	133,561
Loans held for sale (fair value approximates cost)	584	460	-
Loans	846,190	838,145	791,315
Less allowance for loan losses	6,495	6,364	6,131
Net loans	839,695	831,781	785,184
Accrued interest receivable	7,202	6,140	6,096
Premises and equipment	15,670	15,845	16,516
Other real estate owned	1,144	1,144	498
Goodwill	27,684	27,684	27,684
Other assets	17,149	17,078	15,413
Total assets	\$ 1,108,621	\$1,104,869	\$ 1,060,373
Liabilities			
Demand deposits	\$ 53,128	\$ 62,157	\$ 58,526
NOW deposits	96,685	99,612	100,432
Money market deposits	140,465	137,163	118,670
Savings deposits	93,472	98,131	103,267
Certificates of deposit	182,890	164,770	154,068
Certificates \$100,000 and over	258,121	243,402	215,751
Total deposits	824,761	805,235	750,714
Borrowed funds	162,512	179,862	194,172
Other liabilities	12,552	12,445	10,908
Total liabilities	999,825	997,542	955,794
Shareholders' equity			
Common stock	98	98	100
Additional paid-in capital	45,678	45,587	47,430
Retained earnings	62,700	61,298	56,505
Net unrealized gains on available-for-sale securities	672	696	544
Net unrealized loss on postretirement benefits	(352)	(352)	-
Total stockholders' equity	108,796	107,327	104,579
Total liabilities & stockholders' equity	\$ 1,108,621	\$ 1,104,869	\$ 1,060,373
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	9,783,515	9,770,792	9,849,169
Book value per share	\$ 11.12	\$ 10.98	\$ 10.62
Allowance for loan losses/total loans	0.77%	0.76%	0.77%
Non-performing assets to total assets	0.20%	0.32%	0.38%

Consolidated Statements of Income *(unaudited)*

<i>Dollars in thousands</i>	For the three months ended March 31,		For the quarters ended March 31,	
<i>except per share amounts</i>	2007	2006	2007	2006
Interest income				
Interest and fees on loans	\$ 14,462	\$ 12,507	\$ 14,462	\$ 12,507
Interest on deposits with other banks	-	-	-	-
Interest and dividends on investments	2,486	2,305	2,486	2,305
Total interest income	16,948	14,812	16,948	14,812
Interest expense				
Interest on deposits	7,229	5,119	7,229	5,119
Interest on borrowed funds	2,154	1,945	2,154	1,945
Total interest expense	9,383	7,064	9,383	7,064
Net interest income	7,565	7,748	7,565	7,748
Provision for loan losses	300	250	300	250
Net interest income after provision for loan losses	7,265	7,498	7,265	7,498
Other operating income				
Fiduciary income	503	496	503	496
Service charges on deposit accounts	659	622	659	622
Mortgage origination and servicing income	100	84	100	84
Other operating income	886	871	886	871
Total other operating income	2,148	2,073	2,148	2,073
Other operating expenses				
Salaries and employee benefits	2,712	2,662	2,712	2,662
Occupancy expense	379	374	379	374
Furniture and equipment expense	474	505	474	505
Amortization of identified intangibles	71	71	71	71
Other	1,614	1,822	1,614	1,822
Total other operating expenses	5,250	5,434	5,250	5,434
Income before income taxes	4,163	4,137	4,163	4,137
Applicable income taxes	1,160	1,159	1,160	1,159
Net income	\$ 3,003	\$ 2,978	\$ 3,003	\$ 2,978
Earnings per common share				
Basic earnings per share	\$ 0.31	\$ 0.30	\$ 0.31	\$ 0.30
Diluted earnings per share	0.31	0.30	0.31	0.30
Cash dividends declared	0.165	0.145	0.165	0.145
Closing market price per share	15.92	17.59	15.92	17.59
Financial ratios				
Return on average tangible equity ¹	15.12%	15.74%	15.12%	15.74%
Return on average assets ¹	1.10%	1.15%	1.10%	1.15%
Net interest margin tax-equivalent ¹	3.16%	3.46%	3.16%	3.46%
Dividend payout ratio	53.23%	48.33%	53.23%	48.33%
Efficiency ratio	51.16%	52.60%	51.16%	52.60%

¹Quarterly results have been annualized using a 365-day basis