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Item 5. Other Events

The Company today issued the following press release:

First National Lincoln Corporation Reports Record Second Quarter Earnings Per Share, Up 21.7% Over Prior Year

DAMARISCOTTA, ME., July 21 -- First National Lincoln Corporation (Nasdaq NM: FNLC), today announced earnings per share of \$0.28 on a fully diluted basis for the quarter ended June 30, 2004, an increase of \$0.05 or 21.7% over the \$0.23 reported for the same period in 2003. Net income for the second quarter was \$2,056,000, an increase of \$327,000 or 18.9% over the \$1,729,000 posted in the second quarter of 2003. Both earnings per share and net income reported by the Company for 2004 set new single-quarter records. All prior period results in this release have been adjusted to reflect the three-for-one stock split in 2004.

The Company also announced earnings per share of \$0.53 on a fully diluted basis for the six months ended June 30, 2004, an increase of \$0.07 or 15.2% over the \$0.46 reported for the same period in 2003. Net income for the first six months of 2004 was \$3,981,000, an increase of \$573,000 or 16.8% over the \$3,408,000 posted in 2003. Both earnings per share and net income reported by the Company for 2004 set new records for the first six months of the year.

Year-to-date changes on the balance sheet showed total assets at \$614.0 million on June 30, 2004 -- an increase of 7.9% over December 31, 2003. Loans totaled \$443.4 million, up 11.2% over December 31, 2003, while investments increased by 3.4% to \$141.3 million. Deposits of \$386.6 million were up 7.7% over year end. As of June 30, 2004, First National Lincoln Corporation had total equity of \$49.5 million, an increase of 3.8% or \$1.8 million over December 31, 2003.

"Our second quarter results are exceptional," commented Daniel R. Daigneault, First National Lincoln Corporation's President and Chief Executive Officer, "as are our results for the first six months of 2004. These were led by net interest income, which in the second quarter was up \$1.1 million or 25.7% over the second quarter of 2003, and for the first six months was up \$1.9 million or 23.2% over the same period in 2003.

"Growth in earning assets was the dominant factor in this increase," President Daigneault went on, "with total loans increasing \$44.5 million or 11.2% over December 31, 2003. We experienced this growth in all loan categories, with commercial loans growing by \$12.4 million and mortgage loans increasing by \$20.9 million. At the same time, credit quality remains excellent, with continued low levels of loan losses and the lowest level of loan delinquencies we have seen in many years.

"As I noted last quarter, record-low interest rates have presented an operating challenge for all banks," President Daigneault observed. "Fortunately, we manage our balance sheet so that we have a reasonable level of interest rate risk, and I am comfortable with the structure of our balance sheet should the Federal Reserve continue to increase interest rates.

"At the end of the second quarter," President Daigneault continued, "we launched a new program to attract new checking account customers to the Bank. We have redesigned our product offerings, making them easier to choose from and more customer-friendly. This will be combined with direct mail and in-bank promotions, and I am optimistic that we will see an increase in both net interest income and non-interest income in the future as a result of this program."

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Assets			
Cash and due from banks	\$ 13,777	\$ 12,973	\$ 17,087
Overnight Funds Sold	0	6,100	0
Investments:			
Available for sale	53,642	64,339	57,445
Held to maturity (market values \$87,248 at 6/30/04, \$66,204 at 6/30/03, and \$80,820 at 12/31/03)	87,659	63,952	79,244
Loans held for sale (fair value approximates cost)	0	1,162	982
Loans	443,433	367,915	398,895
Less: allowance for loan losses	4,580	3,987	4,200
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Net loans	438,853	363,928	394,695
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Accrued interest receivable	3,055	2,922	2,743
Bank premises and equipment	8,843	7,659	9,007
Other real estate owned	44	75	51
Other assets	8,099	8,017	7,558
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Total Assets	\$ 613,972	\$ 531,127	\$ 568,812
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Liabilities & Stockholders' Equity			
Demand deposits	\$ 27,504	\$ 27,035	\$ 28,874
NOW deposits	55,938	49,985	52,161
Money market deposits	78,233	86,566	80,586
Savings deposits	65,336	64,735	63,356
Certificates of deposit	76,170	69,867	69,880
Certificates \$100,000 and over	83,392	60,822	64,220
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Total deposits	386,573	359,010	359,077
Borrowed funds	173,661	121,933	157,822
Other liabilities	4,223	4,582	4,195
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Total Liabilities	564,457	485,525	521,094
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Shareholders' Equity:			
Common stock	74	74	74
Additional paid-in capital	3,721	4,638	4,650
Retained earnings	44,006	40,399	42,988
Net unrealized gains on available-for- sale securities	1,714	2,919	2,497
Treasury stock	0	(2,428)	(2,491)
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Total Stockholders' Equity	49,515	45,602	47,718
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Total Liabilities & Stockholders' Equity	\$ 613,972	\$ 531,127	\$ 568,812
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Prior periods have been adjusted to reflect the three-for-one stock split in 2004

First National Lincoln Corporation
Consolidated Statements of Income (Unaudited)

In thousands of dollars	For the six months ended		For the quarters ended	
	2004	June 30, 2003	2004	June 30, 2003

Interest Income:				
Interest and fees on loans	\$ 11,298	\$ 10,591	\$ 5,745	\$ 5,326

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Interest on deposits with other banks	3	48	0	5
Interest and dividends on investments	3,237	3,033	1,672	1,473
Total interest income	14,538	13,672	7,417	6,804
Interest expense:				
Interest on deposits	2,526	3,282	1,265	1,578
Interest on borrowed funds	1,827	2,126	919	1,062
Total interest expense	4,353	5,408	2,184	2,640
Net interest income	10,185	8,264	5,233	4,164
Provision for loan losses	480	450	240	225
Net interest income after provision for loan losses	9,705	7,814	4,993	3,939
Other operating income:				
Fiduciary income	430	374	216	185
Service charges on deposit accounts	580	565	310	298
Mortgage origination and servicing income	250	490	85	198
Other operating income	962	1,004	509	529
Total other operating income	2,222	2,433	1,120	1,210
Other operating expenses:				
Salaries and employee benefits	3,303	2,831	1,640	1,419
Occupancy expense	428	393	216	201
Furniture and equipment expense	754	701	389	343
Other	1,872	1,590	991	794
Total other operating expenses	6,357	5,515	3,236	2,757
Income before income taxes	5,570	4,732	2,877	2,392
Applicable income taxes	1,589	1,324	821	663
NET INCOME	\$ 3,981	\$ 3,408	\$ 2,056	\$ 1,729

Prior periods have been adjusted to reflect the three-for-one stock split in 2004

First National Lincoln Corporation
Selected Financial Data (Unaudited)

Dollars in thousands, except for per share amounts	For the six months ended		For the quarters ended	
	2004	June 30, 2003	2004	June 30, 2003
Summary of Operations				
Operating Income	\$ 16,760	\$ 16,105	\$ 8,537	\$ 8,014
Operating Expense	11,190	11,373	5,660	5,622
Net Interest Income	10,185	8,264	5,233	4,164
Provision for Loan Losses	480	450	240	225

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Net Income	3,981	3,408	2,056	1,729

Per Common Share Data				
Basic Earnings per Share	\$ 0.54	\$ 0.47	\$ 0.28	\$ 0.24
Diluted Earnings per Share	0.53	0.46	0.28	0.23
Cash Dividends Declared	0.21	0.18	0.11	0.09
Book Value	6.74	6.28	6.74	6.28
Market Value	19.50	13.06	19.50	13.06

Financial Ratios				
Return on Average Equity (a)	16.37%	15.68%	16.58%	15.60%
Return on Average Assets (a)	1.39%	1.35%	1.41%	1.35%
Average Equity to Average Assets	8.47%	8.63%	8.51%	8.67%
Net Interest Margin Tax-Equivalent (a)	3.92%	3.65%	3.97%	3.63%
Dividend Payout Ratio	39.51%	39.01%	39.29%	39.44%
Allowance for Loan Losses/Total Loans	1.03%	1.08%	1.03%	1.08%
Non-Performing Loans to Total Loans	0.35%	0.30%	0.35%	0.30%
Non-Performing Assets to Total Assets	0.27%	0.23%	0.27%	0.23%
Efficiency Ratio	48.91%	49.06%	48.60%	48.70%

At Period End				
Total Assets	613,972	531,127	613,972	531,127
Total Loans	443,433	367,915	443,433	367,915
Total Investment Securities	141,301	128,291	141,301	128,291
Total Deposits	386,573	359,010	386,573	359,010
Total Shareholders' Equity	49,515	45,602	49,515	45,602

(a) Annualized using a 365-day basis

Prior periods have been adjusted to reflect the three-for-one stock split in 2004

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be filed on its behalf by the undersigned thereunto duly authorized.

FIRST NATIONAL LINCOLN CORPORATION

By: /s/ F. Stephen Ward
F. Stephen Ward
Treasurer & Chief Financial Officer
July 21, 2004

