FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to ________

Commission file number 333-45755

MACATAWA BANK CORPORATION
(Exact name of registrant as specified in its charter)

MICHIGAN	38-3391345
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

348 Waverly Road, Holland, Michigan 49423
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (616) 820-1444

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act: Common Stock. Indicate by check mark whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained in this form and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [_]

The registrant's revenues for 2000 were $36,389,497. The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on a per share price of $14.50 as of March 2, 2001, was $42,875,746 (common stock, no par value). As of March 2, 2001, there were outstanding 3,589,315 shares of the Company's common stock (no par value). Portions of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held April 19, 2001 are incorporated by reference into Part II and Part III of this Report.

PART I

ITEM 1: Business

General

Macatawa Bank Corporation (the "Company") is a bank holding company organized in 1997 under Michigan law. The Company owns all of the common stock of Macatawa Bank (the "Bank"). The Bank was organized and commenced operations in November, 1997 as a Michigan chartered bank with depository accounts insured by the FDIC to the extent permitted by law. The Bank provides a full range of commercial and consumer banking services, through its network of 13 full service branches located in communities in Ottawa county, northern Allegan county, and southwestern Kent county. The Bank's services include checking and savings accounts (including certificates of deposit), safe deposit boxes, travelers checks, money orders, trust services and commercial, mortgage and consumer loans. As of December 31, 2000, the Company had total assets of $499.8 million, total deposits of $398.6 million, approximately 38,000 deposit accounts and shareholders' equity of $38.1 million.

The Company's administrative office is located at 348 Waverly Road, Holland, Michigan 49423, and its telephone number is (616) 820-1444. Unless the context clearly suggests otherwise, financial information and other references to the Company include the Bank.

Products and Services

Deposit Services. The Bank offers a broad range of deposit services, including checking accounts, savings accounts and time deposits of various types. Transaction accounts and time certificates are tailored to the principal market area at rates competitive with those offered in the area. All deposit accounts are insured by the FDIC up to the maximum amount permitted by law. The Bank solicits these accounts from individuals, businesses, associations, churches, nonprofit organizations, financial institutions and government authorities. The Bank may also use alternative funding sources as needed, including advances from Federal Home Loan Banks, conduit financing and the packaging of loans for securitization and sale.

Real Estate Loans. The Bank originates residential mortgage loans, which are generally long-term with either fixed or variable interest rates. The Bank's general policy, which is subject to review by management as a result of changing market and economic conditions and other factors, is to retain all variable interest rate mortgage loans in the Bank's loan portfolio and to sell all fixed rate loans in the secondary market. The Bank also offers home equity loans.

The retention of variable rate loans on the Bank's loan portfolio helps to reduce the Bank's exposure to fluctuations in interest rates. However, such loans generally pose credit risks different from the risks inherent in fixed rate loans, primarily because as interest rates rise, the underlying payments from the borrowers rise, thereby increasing the potential for default.

Personal Loans and Lines of Credit. The Bank makes personal loans and lines of credit available to consumers for various purposes, such as the purchase of automobiles, boats and other recreational vehicles, home improvements and personal investments. The Bank's current policy is to retain substantially all of such loans.

Commercial Loans. Commercial loans are made primarily to small and mid-sized businesses. These loans are and will be both secured and unsecured and are made available for general operating purposes, acquisition of fixed assets including real estate, purchases of equipment and machinery, financing of inventory and accounts receivable, as well as any other purposes considered appropriate. The Bank generally looks to a borrower's business operations as the principal source of repayment, but will also receive, when appropriate, mortgages on real estate, security interests in inventory, accounts receivable and other personal property and/or personal guarantees.

Although the Bank takes a progressive and competitive approach to lending, it stresses high quality in its loans. On a regular basis, the Board of Directors reviews selected loans. In addition, a loan committee of the Board of Directors

of the Bank also reviews larger loans for prior approval when the loan request exceeds the established limits for the lending officers. The Bank also maintains a loan review process designed to promote early identification of credit quality problems. Any past due loans and identified problem loans will be reviewed with the Board of Directors on a regular basis.

Regulatory and supervisory loan-to-value limits are established by Section 304 of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"). The Bank's internal limitations follow those limits and in certain cases are more restrictive than those required by the regulators.

The Bank has established relationships with correspondent banks and other independent financial institutions to provide other services requested by its customers, including loan participations where the requested loan amounts exceed the Bank's policies or legal lending limits.

Trust Services. The Bank began offering trust services in January, 1999, to further provide for the financial needs of its customers. As of December 31, 2000, the Trust Department had assets of approximately $273.7 million.

Competition

The Company's primary market area includes Ottawa County, northern Allegan County and southwestern Kent County, all located in Western Michigan. There are many bank, thrift and credit union offices located within the Company's market area. Most are branches of larger financial institutions. The Company also faces competition from finance companies, insurance companies, mortgage companies, securities brokerage firms, money market funds and other providers of financial services. Most of the Company's competitors have been in business a number of years, have established customer bases, are larger and have higher lending limits than the Company. The Company competes for loans principally through its ability to communicate effectively with its customers and to understand and meet their needs. Management believes that the Company's personal service philosophy enhances its ability to compete favorably in attracting individuals and small businesses. The Company actively solicits customers and competes for deposits by offering customers personal attention, professional service, and competitive interest rates.

Environmental Matters

The Company does not believe that existing environmental regulations will have any material effect upon the capital expenditures, earnings, and competitive position of the Company.

Employees

As of December 31, 2000, the Bank had 124 full-time and 58 part-time employees. The Company has assembled a staff of experienced, dedicated and highly qualified professionals whose goal is to provide outstanding service. The majority of the Company's management team have at least 10 years of banking experience, and several key personnel have more than 20 years of banking experience. None of the Company's employees are represented by collective bargaining agents.

SUPERVISION AND REGULATION

The following is a summary of certain statutes and regulations affecting the Company and the Bank. This summary is qualified in its entirety by such statutes and regulations. A change in applicable laws or regulations may have a material effect on the Company, the Bank and the business of the Company and the Bank.

General

Financial institutions and their holding companies are extensively regulated under federal and state law. Consequently, the growth and earnings performance of the Company and the Bank can be affected not only by management decisions and general economic conditions, but also by the statutes administered by, and the regulations and policies of, various governmental regulatory authorities. Those authorities include, but are not limited to, the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), the FDIC, the Commissioner of the Michigan Office of Financial and Insurance Services, Division of Financial Institutions ("Commissioner"), the Internal Revenue Service, and state taxing authorities. The effect of such statutes, regulations and policies can be significant, and cannot be predicted with a high degree of certainty.

Federal and state laws and regulations generally applicable to financial institutions and their holding companies regulate, among other things, the scope of business, investments, reserves against deposits, capital levels relative to operations, lending activities and practices, the nature and amount of collateral for loans, the establishment of branches, mergers, consolidations and dividends. The system of supervision and regulation applicable to the Company and the Bank establishes a comprehensive framework for their respective operations and is intended primarily for the protection of the FDIC's deposit insurance funds, the depositors of the Bank, and the public, rather than shareholders of the Bank or the Company.

Federal law and regulations establish supervisory standards applicable to the lending activities of the Bank, including internal controls, credit underwriting, loan documentation and loan-to-value ratios for loans secured by real property.

Recent Legislation

The enactment of the Gramm-Leach-Bliley Act of 1999 (the "GLB Act") represents a pivotal point in the history of the financial services industry. The GLB Act modifies many of the principal federal laws which regulate financial institutions and sweeps away large parts of a regulatory framework that had its origins in the Depression Era of the 1930s.

Effective March 11, 2000, new opportunities became available for banking organizations, other depository institutions, insurance companies and securities firms to enter into combinations that permit a single financial services organization to offer customers a more complete array of financial products and services. Specifically, the GLB Act provides two new vehicles through which a banking organization can engage in a variety of activities which, prior to the Act, they were not allowed to engage in. First, a bank holding company meeting certain requirements may elect to become a financial holding company ("FHC"). FHCs are generally authorized to engage in all "financial activities" and, under certain circumstances, to make equity investments in other companies (i.e., merchant banking). In order to be eligible to elect to become a FHC, a bank holding company and all of its depositary financial institutions must: (1) be "well capitalized"; (2) be "well managed"; and (3) have a rating of "satisfactory" or better in their most recent Community Reinvestment Act examination. Both the bank holding company and all of its depositary financial institutions must also continue to satisfy these requirements after the bank holding company elects to become a FHC or else the FHC will be subject to various restrictions. The Federal Reserve Board will be the umbrella regulator of FHCs, but functional regulation of a FHC's separately regulated subsidiaries will be conducted by their primary functional regulator.

Second, the GLB Act also provides that a national bank (and a state bank, so long as otherwise allowable under its state's law), which satisfies certain requirements, may own a new type of subsidiary called a financial subsidiary ("FS"). The GLB Act authorizes FSs to engage in many (but not all) of the activities that FHCs are authorized to engage in. In order

to be eligible to own a FS, a bank must satisfy the three requirements noted above, plus several additional requirements.

The GLB Act also imposes several rules that are designed to protect the privacy of the customers of financial institutions. For example, the GLB Act requires financial institutions to annually adopt and disseminate a privacy policy and prohibits financial institutions from disclosing certain customer information to "non-affiliated third parties" for certain uses. All financial institutions, regardless of whether they elect to utilize FHCs or FSs, are subject to the GLB Act's privacy provisions. The Company and the Bank are also subject to certain state laws that deal with the use and distribution of non-public personal information. In addition to its privacy provisions, the GLB Act also contains various other provisions that apply to banking organizations, regardless of whether they elect to utilize FHCs or FSs.

The Company believes that the GLB Act could significantly increase competition in its business and is evaluating the desirability of electing to become a FHC. The Company believes that it is qualified to elect FHC status but has not yet decided to do so.

The Company

General. The Company is a bank holding company and, as such, is registered with, and subject to regulation by, the Federal Reserve Board under the Bank Holding Company Act, as amended (the "BHCA"). Under the BHCA, the Company is subject to periodic examination by the Federal Reserve Board, and is required to file with the Federal Reserve Board periodic reports of its operations and such additional information as the Federal Reserve Board may require.

In accordance with Federal Reserve Board policy, the Company is expected to act as a source of financial strength to the Bank and to commit resources to support the Bank in circumstances where the Company might not do so absent such policy. In addition, if the Commissioner deems the Bank's capital to be impaired, the Commissioner may require the Bank to restore its capital by a special assessment upon the Company as the Bank's sole shareholder. If the Company were to fail to pay any such assessment, the directors of the Bank would be required, under Michigan law, to sell the shares of the Bank's stock owned by the Company to the highest bidder at either a public or private auction and use the proceeds of the sale to restore the Bank's capital.

Investments and Activities. In general, any direct or indirect acquisition by the Company of any voting shares of any bank which would result in the Company's direct or indirect ownership or control of more than 5% of any class of voting shares of such bank, and any merger or consolidation of the Company with another bank company, will require the prior written approval of the Federal Reserve Board under the BHCA. In acting on such applications, the Federal Reserve Board must consider various statutory factors, including among others, the effect of the proposed transaction on competition in relevant geographic and product markets, and each party's financial condition, managerial resources, and record of performance under the Community Reinvestment Act. Effective September 29, 1995, bank holding companies may acquire banks located in any state in the United States without regard to geographic restrictions or reciprocity requirements imposed by state law, but subject to certain conditions, including limitations on the aggregate amount of deposits that may be held by the acquiring company and all of its insured depository institution affiliates.

The merger or consolidation of an existing bank subsidiary of the Company with another bank, or the acquisition by such a subsidiary of assets of another bank, or the assumption of liability by such a subsidiary to pay any deposits in another bank, will require the prior written approval of the responsible Federal depository institution regulatory agency under the Bank Merger Act, based upon a consideration of statutory factors similar to those outlined above with respect to the BHCA. In addition, in certain such cases an application to, and the prior approval of, the Federal Reserve Board under the BHCA and/or the Commissioner under the Michigan Banking Code, may be required.

With certain limited exceptions, the BHCA prohibits any bank company from engaging, either directly or indirectly through a subsidiary, in any activity other than managing or controlling banks unless the proposed non-banking activity is one that the Federal Reserve Board has determined to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Under current Federal Reserve Board regulations, such permissible non-banking activities include such things as mortgage banking, equipment leasing, securities brokerage, and consumer and commercial finance

company operations. As a result of recent amendments to the BHCA, well-capitalized and well-managed bank holding companies may engage de novo in certain types of non-banking activities without prior notice to, or approval of, the Federal Reserve Board, provided that written notice of the new activity is given to the Federal Reserve Board within 10 business days after the activity is commenced. If a bank company wishes to engage in a non-banking activity by acquiring a going concern, prior notice and/or prior approval will be required, depending upon the activities in which the company to be acquired is engaged, the size of the company to be acquired and the financial and managerial condition of the acquiring bank company.

In evaluating a proposal to engage (either de novo or through the acquisition of a going concern) in a non-banking activity, the Federal Reserve Board will consider various factors, including among others the financial and managerial resources of the bank company, and the relative public benefits and adverse effects which may be expected to result from the performance of the activity by an affiliate of the bank company. The Federal Reserve Board may apply different standards to activities proposed to be commenced de novo and activities commenced by acquisition, in whole or in part, of a going concern.

Capital Requirements. The Federal Reserve Board uses capital adequacy guidelines in its examination and regulation of bank holding companies. If capital falls below minimum guidelines, a bank company may, among other things, be denied approval to acquire or establish additional banks or non-bank businesses.

The Federal Reserve Board's capital guidelines establish the following minimum regulatory capital requirements for bank holding companies: (i) a leverage capital requirement expressed as a percentage of total assets, and (ii) a risk-based requirement expressed as a percentage of total risk-weighted assets. The leverage capital requirement consists of a minimum ratio of Tier 1 capital (which consists principally of shareholders' equity) to total assets of 3% for the most highly rated companies, with minimum requirements of 4% to 5% for all others. The risk-based requirement consists of a minimum ratio of total capital to total risk-weighted assets of 8%, of which at least one-half must be Tier 1 capital.

The risk-based and leverage standards presently used by the Federal Reserve Board are minimum requirements, and higher capital levels will be required if warranted by the particular circumstances or risk profiles of individual banking organizations. For example, Federal Reserve Board regulations provide that additional capital may be required to take adequate account of, among other things, interest rate risk and the risks posed by concentrations of credit, nontraditional activities or securities trading activities. Further, any banking organization experiencing or anticipating significant growth would be expected to maintain capital ratios, including tangible capital positions (i.e., Tier 1 capital less all intangible assets), well above the minimum levels. The Federal Reserve Board has not advised the Company of any specific minimum Tier 1 Capital leverage ratio applicable to it.

Dividends. The Company is a corporation separate and distinct from the Bank. Most of the Company's revenues will be received by it in the form of dividends, if any, paid by the Bank. Thus, the Company's ability to pay dividends to its shareholders will indirectly be limited by statutory restrictions on its ability to pay dividends. See "Supervision and Regulation - the Bank - Dividends." Further, the Federal Reserve Board has issued a policy statement on the payment of cash dividends by bank holding companies. In the policy statement, the Federal Reserve Board expressed its view that a bank company experiencing earnings weaknesses should not pay cash dividends exceeding its net income or which can only be funded in ways that weakened the bank company's financial health, such as by borrowing. Additionally, the Federal Reserve Board possesses enforcement powers over bank holding companies and their non-bank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies. Similar enforcement powers over the Bank are possessed by the FDIC. The "prompt corrective action" provisions of federal law and regulation authorizes the Federal Reserve Board to restrict the payment of dividends by the Company for an insured bank which fails to meet specified capital levels.

In addition to the restrictions on dividends imposed by the Federal Reserve Board, the Michigan Business Corporation Act provides that dividends may be legally declared or paid only if after the distribution a corporation, such as the Company, can pay its debts as they come due in the usual course of business and its total assets equal or exceed the sum of its liabilities plus the amount that would be needed to satisfy the preferential rights upon dissolution of any holders of preferred stock whose preferential rights are superior to those receiving the distribution. The Company is authorized to issue preferred stock but it has no current plans to issue any such preferred stock.

The Bank

General. The Bank is a Michigan banking corporation and its deposit accounts are insured by the Bank Insurance Fund (the "BIF") of the FDIC. As a BIF-insured Michigan chartered bank, the Bank is subject to the examination, supervision, reporting and enforcement requirements of the Commissioner, as the chartering authority for Michigan banks, and the FDIC, as administrator of the BIF. These agencies and the federal and state laws applicable to the Bank and its operations, extensively regulate various aspects of the banking business including, among other things, permissible types and amounts of loans, investments and other activities, capital adequacy, branching, interest rates on loans and on deposits, the maintenance of non-interest bearing reserves on deposit accounts, and the safety and soundness of banking practices.

Deposit Insurance. As an FDIC-insured institution, the Bank is required to pay deposit insurance premium assessments to the FDIC. The FDIC has adopted a risk-based assessment system under which all insured depository institutions are placed into one of nine categories and assessed insurance premiums, based upon their respective levels of capital and results of supervisory evaluation. Institutions classified as well-capitalized (as defined by the FDIC) and considered healthy pay the lowest premium while institutions that are less than adequately capitalized (as defined by the FDIC) and considered of substantial supervisory concern pay the highest premium. Risk classification of all insured institutions is made by the FDIC for each semi-annual assessment period.

The Federal Deposit Insurance Act ("FDIA") requires the FDIC to establish assessment rates at levels which will maintain the Deposit Insurance Fund at a mandated reserve ratio of not less than 1.25% of estimated insured deposits. Accordingly, the FDIC established the schedule of BIF insurance assessments for the first semi-annual assessment period of 1998, ranging from 0% of deposits for institutions in the lowest risk category to .27% of deposits for institutions in the highest risk category.

The FDIC may terminate the deposit insurance of any insured depository institution if the FDIC determines, after a hearing, that the institution or its directors have engaged or are engaging in unsafe or unsound practices, or have violated any applicable law, regulation, order, or any condition imposed in writing by, or written agreement with, the FDIC, or if the institution is in an unsafe or unsound condition to continue operations. The FDIC may also suspend deposit insurance temporarily during the hearing process for a permanent termination of insurance if the institution has no tangible capital.

Commissioner Assessments. Michigan banks are required to pay supervisory fees to the Commissioner to fund the operations of the Commissioner. The amount of supervisory fees paid by a bank is based upon the bank's total assets, as reported to the Commissioner.

FICO Assessments. Pursuant to federal legislation enacted September 30, 1996, the Bank, as a member of the BIF, is subject to assessments to cover the payments on outstanding obligations of the Financing Corporation ("FICO"). FICO was created in 1987 to finance the recapitalization of the Federal Savings and Loan Insurance Corporation, the predecessor to the FDIC's Savings Association Insurance Fund (the "SAIF") which insures the deposits of thrift institutions. Until January 1, 2000, the FICO assessments made against BIF members may not exceed 20% of the amount of FICO assessments made against SAIF members. Currently, SAIF members pay FICO assessments at a rate equal to approximately 0.063% of deposits while BIF members pay FICO assessments at a rate equal to approximately 0.013% of deposits. Between January 1, 2000 and the maturity of the outstanding FICO obligations in 2019, BIF members and SAIF members will share the cost of the interest on the FICO bonds on a pro rata basis. It is estimated that FICO assessments during this period will be less than 0.025% of deposits

Capital Requirements. The FDIC has established the following minimum capital standards for state-chartered, FDIC-insured non-member banks, such as the Bank: a leverage requirement consisting of a minimum ratio of Tier 1 capital to total assets of 3% for the most highly-rated banks with minimum requirements of 4% to 5% for all others, and a risk-based capital requirement consisting of a minimum ratio of total capital to total risk-weighted assets of 8%, at least one-half of which must be Tier 1 capital. Tier 1 capital consists principally of shareholders' equity. These capital requirements are

minimum requirements. Higher capital levels will be required if warranted by the particular circumstances or risk profiles of individual institutions. For example, FDIC regulations provide that higher capital may be required to take adequate account of, among other things, interest rate risk and the risks posed by concentrations of credit, nontraditional activities or securities trading activities. As a condition to regulatory approval of the Bank's formation, the Bank was required to have an initial capitalization sufficient to provide a ratio of Tier 1 capital to total estimated assets of at least 8% at the end of the third year of operation.

Federal law provides the federal banking regulators with broad power to take prompt corrective action to resolve the problems of undercapitalized institutions. The extent of the regulators' powers depends on whether the institution in question is "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," or "critically undercapitalized." Federal regulations define these capital categories as follows:

<TABLE>
<CAPTION>

<S>	Total Risk-Based Capital Ratio <C>	Tier 1 Risk-Based Capital Ratio <C>	Leverage Ratio <C>
Well capitalized	10% or above	6% or above	5% or above
Adequately capitalized	8% or above	4% or above	4% or above
Undercapitalized	Less than 8%	Less than 4%	Less than 4%
Significantly undercapitalized	Less than 6%	Less than 3%	Less than 3%
Critically undercapitalized	--	--	A ratio of tangible Equity to total assets Of 2% or less

</TABLE>

As of December 31, 2000, the Company was "well capitalized."

Depending upon the capital category to which an institution is assigned, the regulators' corrective powers include: requiring the submission of a capital restoration plan; placing limits on asset growth and restrictions on activities; requiring the institution to issue additional capital stock (including additional voting stock) or to be acquired; restricting transactions with affiliates; restricting the interest rate the institution may pay on deposits; ordering a new election of directors of the institution; requiring that senior executive officers or directors be dismissed; prohibiting the institution from accepting deposits from correspondent banks; requiring the institution to divest certain subsidiaries; prohibiting the payment of principal or interest on subordinated debt; and ultimately, appointing a receiver for the institution.

In general, a depository institution may be reclassified to a lower category than is indicated by its capital levels if the appropriate federal depository institution regulatory agency determines the institution to be otherwise in an unsafe or unsound condition or to be engaged in an unsafe or unsound practice. This could include a failure by the institution, following receipt of a less-than-satisfactory rating on its most recent examination report, to correct the deficiency.

Dividends. Under Michigan law, the Bank is restricted as to the maximum amount of dividends it may pay on its common stock. The Bank may not pay dividends except out of net profits after deducting its losses and bad debts. A Michigan state bank may not declare or pay a dividend unless the bank will have a surplus amounting to at least 20% of its capital after the payment of the dividend. If the Bank has a surplus less than the amount of its capital, it may not declare or pay any dividend until an amount equal to at least 10% of net profits for the preceding one-half year (in the case of quarterly or semi-annual dividends) or full-year (in the case of annual dividends) has been transferred to surplus. A Michigan state bank may, with the approval of the Commissioner, by vote of shareholders owning 2/3 of the stock eligible to vote increase its capital stock by a declaration of a stock dividend, provided that after the increase the bank's surplus equals at least 20% of its capital stock, as increased. The Bank may not declare or pay any dividend until the cumulative dividends on preferred stock (should any such stock be issued and outstanding) have been paid in full. The Bank's Articles of Incorporation do not authorize the issuance of preferred stock and there are no current plans to seek such authorization.

Federal law generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its company if the depository institution would thereafter be undercapitalized.

The FDIC may prevent an insured bank from paying dividends if the bank is in default of payment of any assessment due to the FDIC. In addition, the FDIC may prohibit the payment of dividends by the Bank, if such payment is determined, by reason of the financial condition of the Bank, to be an unsafe and unsound banking practice.

Insider Transactions. The Bank is subject to certain restrictions imposed by the Federal Reserve Act on any extensions of credit to the Company or its subsidiaries, on investments in the stock or other securities of the Company or its subsidiaries and the acceptance of the stock or other securities of the Company or its subsidiaries as collateral for loans. Certain limitations and reporting requirements are also placed on extensions of credit by the Bank to its directors and officers, to directors and officers of the Company and its subsidiaries, to principal shareholders of the Company, and to "related interests" of such directors, officers and principal shareholders. In addition, federal law and regulations may affect the terms upon which any person becoming a director or officer of the Company or one of its subsidiaries or a principal shareholder of the Company may obtain credit from banks with which the Bank maintains a correspondent relationship.

Safety and Soundness Standards. The federal banking agencies have adopted guidelines to promote the safety and soundness of federally insured depository institutions. These guidelines establish standards for internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, asset quality and earnings. In general, the guidelines prescribe the goals to be achieved in each area, and each institution will be responsible for establishing its own procedures to achieve those goals. If an institution fails to comply with any of the standards set forth in the guidelines, the institution's primary federal regulator may require the institution to submit a plan for achieving and maintaining compliance. The preamble to the guidelines states that the agencies expect to require a compliance plan from an institution whose failure to meet one or more of the standards is of such severity that it could threaten the safe and sound operation of the institution. Failure to submit an acceptable compliance plan, or failure to adhere to a compliance plan that has been accepted by the appropriate regulator, would constitute grounds for further enforcement action.

State Bank Activities. Under federal law and FDIC regulations, FDIC-insured state banks are prohibited, subject to certain exceptions, from making or retaining equity investments of a type, or in an amount, that are not permissible for a national bank. Federal law, as implemented by FDIC regulations, also prohibits FDIC-insured state banks and their subsidiaries, subject to certain exceptions, from engaging as principal in any activity that is not permitted for a national bank or its subsidiary, respectively, unless the bank meets, and continues to meet, its minimum regulatory capital requirements and the FDIC determines the activity would not pose a significant risk to the deposit insurance fund of which the bank is a member. Impermissible investments and activities must be divested or discontinued within certain time frames set by the FDIC in accordance with federal law. These restrictions are not currently expected to have a material impact on the operations of the Bank.

Consumer Protection Laws. The Bank's business includes making a variety of types of loans to individuals. In making these loans, the Bank is subject to State usury and regulatory laws and to various federal statutes, such as the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Real Estate Settlement Procedures Act, and the Home Mortgage Disclosure Act, and the regulations promulgated thereunder, which prohibit discrimination, specify disclosures to be made to borrowers regarding credit and settlement costs, and regulate the mortgage loan servicing activities of the Bank, including the maintenance and operation of escrow accounts and the transfer of mortgage loan servicing. In receiving deposits, the Bank is subject to extensive regulation under State and federal law and regulations, including the Truth in Savings Act, the Expedited Funds Availability Act, the Bank Secrecy Act, the Electronic Funds Transfer Act, and the Federal Deposit Insurance Act. Violation of these laws could result in the imposition of significant damages and fines upon the Bank and its directors and officers.

Branching Authority. Michigan banks, such as the Bank, have the authority under Michigan law to establish branches anywhere in the State of Michigan, subject to receipt of all required regulatory approvals (including the approval of the Commissioner and the FDIC).

Effective June 1, 1997 (or earlier if expressly authorized by applicable state law), the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "IBBEA") allows banks to establish interstate branch networks through acquisitions of other banks, subject to certain conditions, including certain limitations on the aggregate amount of deposits

that may be held by the surviving bank and all of its insured depository institution affiliates. The establishment of de novo interstate branches or the acquisition of individual branches of a bank in another state (rather than the acquisition of an out-of-state bank in its entirety) is allowed by IBBEA only if specifically authorized by state law. The legislation allowed individual states to "opt-out" of interstate branching authority by enacting appropriate legislation prior to June 1, 1997.

Michigan did not opt out of IBBEA, and now permits both U.S. and non-U.S. banks to establish branch offices in Michigan. The Michigan Banking

Code permits, in appropriate circumstances and with the approval of the Commissioner, (i) the acquisition of all or substantially all of the assets of a Michigan-chartered bank by an FDIC-insured bank, savings bank, or savings and loan association located in another state, (ii) the acquisition by a Michigan-chartered bank of all or substantially all of the assets of an FDIC-insured bank, savings bank or savings and loan association located in another state, (iii) the consolidation of one or more Michigan-chartered banks and FDIC-insured banks, savings banks or savings and loan associations located in other states having laws permitting such consolidation, with the resulting organization chartered by Michigan, (iv) the establishment by a foreign bank, which has not previously designated any other state as its home state under the International Banking Act of 1978, of branches located in Michigan, and (v) the establishment or acquisition of branches in Michigan by FDIC-insured banks located in other states, the District of Columbia or U.S. territories or protectorates having laws permitting Michigan-chartered banks to establish branches in such jurisdiction. Further, the Michigan Banking Code permits, upon written notice to the Commissioner, (i) the acquisition by a Michigan-chartered bank of one or more branches (not comprising all or substantially all of the assets) of an FDIC-insured bank, savings bank or savings and loan association located in another state, the District of Columbia, or a U.S. territory or protectorate, (ii) the establishment by Michigan-chartered banks of branches located in other states, the District of Columbia, or U.S. territories or protectorates, and (iii) the consolidation of one or more Michigan-chartered banks and FDIC-insured banks, savings banks or savings and loan associations located in other states, with the resulting organization chartered by one of such other states.

ITEM 2: Description of Property.

The Company's administrative offices are located at 348 Waverly Road, Holland, Michigan 49423. The Bank's main banking office is located at 51 E. Main Street, Zeeland, Michigan 49464, and the telephone number is (616) 748-9491. The main office consists of approximately 1,820 square feet located on the first floor of an office building and approximately 1,500 square feet in the basement. This location is in the heart of the City of Zeeland on Main Street, which management believes provides recognition and a visible presence in the Holland-Zeeland community. The main office includes three teller stations, two customer service offices, two administrative offices, two commercial lending offices, and a vault and safe deposit boxes. The Bank has entered into a three year lease with respect to its main office, with renewal options for up to four successive three year terms. The initial rental rate, after amendments for additional office space, is $900.00 per month , which increases by 7.5% for each three year renewal period. The Bank is also obligated to pay all costs associated with taxes, assessments, maintenance, utilities and insurance.

The Company owns or leases facilities located in Ottawa County, Allegan County and Kent County, Michigan. The Company's facilities as of February 1, 2001, were as follows:

Location of Facility	Use
51 E. Main Street, Zeeland*	Main Branch
250 E. 8th Street, Holland*	Operations Center
139 E. 8th Street, Holland*	Branch Office
489 Butternut Dr., Holland	Branch Office
701 Maple Avenue, Holland	Branch Office
699 E. 16th Street, Holland	Branch Office
106 E. 8th Street, Holland*	Trust Department
348 Waverly Road, Holland*	Loan Center and Administrative Offices
41 N. State Street, Zeeland	Branch Office
2020 Baldwin Street, Jenison	Branch Office
6299 Lake Michigan Dr., Allendale	Branch Office
102 South Washington, Douglas	Branch Office
4758 - 136th Street, Hamilton*	Branch Office
5215 Cherry Avenue, Hudsonville*	Branch Office
1760 - 44th Street, Wyoming*	Branch Office
20 E. Lakewood Blvd., Holland	Branch Office

*Leased facility

The Company believes its facilities are well-maintained and adequately insured. Because of the Company's growth, the Company is continually evaluating the need for additional space and branches.

ITEM 3: Legal Proceedings.

As the date hereof, there were no material pending legal proceedings, other than routine litigation incidental to the business of banking to which the Company or any of its subsidiaries is a party of or which any of its properties is the subject.

ITEM 4: Submission of Matters to a Vote of Security Holders.

No matters were submitted during the fourth quarter of 2000 to a vote of the Registrant's stockholders.

ADDITIONAL ITEM: Executive Officers of the Registrant.

Certain information relating to Executive Officers of the Company is as follows:

Name	Age	Year Elected an Executive Officer	Positions with the Company
Benj. A. Smith, III	57	1997	Chairman of the Board and Chief Executive Officer of the Company and a director of the Bank.
Philip J. Koning	46	1997	President and Chief Executive Officer of the Bank and Treasurer and Secretary of the Company.
Steven L. Germond	47	2000	Chief Financial Officer of the Company and the Bank.
Ray D. Tooker	57	2000	Senior Vice President Loan Administration of the Bank.

PART II

ITEM 5: Market for Common Equity and Related Stockholder Matters.

The Company's common stock has been quoted on the Nasdaq SmallCap Market since December 27, 1999. From the completion of the Company's initial public offering in April 1998 through December 31, 1999, the Company's common stock was quoted on the OTC Bulletin Board. High and low bid prices (as reported on the OTC Bulletin Board) and high and low sales prices (as reported on the Nasdaq SmallCap Market) for each quarter are as follows:

	2000		1999	
Quarter	High	Low	High	Low
First Quarter	$15.50	$13.13	$17.00	$14.75
Second Quarter	$13.88	$11.50	$15.50	$13.50
Third Quarter	$13.25	$10.63	$15.50	$14.00
Fourth Quarter	$14.00	$11.00	$16.00	$13.00

For the period during which the common stock was quoted on the OTC Bulletin Board, the quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions and do not include intra-day highs and lows. On February 28, 2001, there were approximately 652 owners of record and, in addition, approximately 1,800 beneficial owners of the Company's common stock.

The Company declared its first cash dividend during the fourth quarter of 2000. The dividend amount was $.07 per share, and was paid December 29, 2000. It is anticipated the Company will pay quarterly cash dividends of similar amounts going forward.

ITEM 6: Selected Financial Data.

The information set forth under the caption "Selected Consolidated Financial Data" in the Company's Annual Report to Shareholders for the year ended December 31, 2000, is incorporated by reference and is filed as part of Exhibit 13 to this form 10-K Annual Report.

ITEM 7: Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Company's Annual Report to Shareholders for the year ended December 31, 2000, is hereby incorporated by reference and is filed as part of Exhibit 13 to this Form 10-K Annual Report.

ITEM 7A: Quantitative and Qualitative Disclosures About Market Risk.

The information set forth under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations - Asset Liability Management and Market Risk Analysis" in the Company's Annual Report to Shareholders for the year ended December 31, 2000, is hereby incorporated by reference and is filed as part of Exhibit 13 to this Form 10-K Annual Report.

ITEM 8: Financial Statements and Supplementary Data.

The information set forth under the captions "Quarterly Financial Data," "Report of Independent Auditors," "Consolidated Balance Sheets," "Consolidated Statements of Income," "Consolidated Statements of Changes in Shareholders' Equity," "Consolidated Statements of Cash Flow," and "Notes to Consolidated Financial Statements" in the Company's Annual Report to Shareholders for the year ended December 31, 2000, is hereby incorporated by reference and is filed as part of Exhibit 13 to this Form 10-K Annual Report.

ITEM 9: Changes in and Disagreements With Accountants and Financial Disclosure.

There have been no disagreements with the Company's independent public accountants.

PART III

ITEM 10: Directors and Executive Officers of the Registrant.

The information set forth on page 3, under the caption "Information About Directors" and on page 10 under the caption "Section 19(a) Beneficial Ownership Reporting Compliance" in the Registrant's definitive Proxy Statement dated March 9, 2001, relating to the Registrant's 2001 Annual Meeting of Shareholders and the information within that section is incorporated by reference. Information relating to Executive Officers of the Registrant is included in Part I hereof entitled "Executive Officers of the Registrant." There are no family relationships between or among the above-named executive officers. There are no arrangements or understandings between any of the above-named officers pursuant to which any of them was named an officer.

ITEM 11: Executive Compensation.

Information relating to compensation of the Registrant's executive officers and directors is contained under the captions "Director Compensation" and "Executive Compensation," in the Registrant's definitive Proxy Statement dated March 9, 2001, relating to the Registrant's 2001 Annual Meeting of Shareholders and the information within those sections is incorporated by reference.

ITEM 12: Security Ownership of Certain Beneficial Owners and Management.

Information relating to security ownership of certain beneficial owners and management is contained on Page 2 under the caption "Voting Securities and Principal Holders Thereof" and on page 9 under the caption "Security Ownership of Management" in the Registrant's definitive Proxy Statement dated March 9, 2001, relating to the Registrant's 2001 Annual Meeting of Shareholders and the information within that section is incorporated by reference.

ITEM 13: Certain Relationships and Related Transactions.

Information relating to certain relationships and related transactions is contained on page 10, under the caption "Transactions Involving Management" in the Registrant's definitive Proxy Statement dated March 9, 2001, relating to the Registrant's 2001 Annual Meeting of Shareholders and the information within that section is incorporated by reference.

PART IV

ITEM 14: Exhibits, Financial Statements, Schedules, and Reports on Form 8-K.

(a) Financial Statements.

1. The following documents are filed as part of Item 8 of this

report:

Report of Independent Auditors
Consolidated Balance Sheets as of December 31, 2000 and 1999
Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2000, 1999 and 1998
Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998
Notes to Consolidated Financial Statements

2. Schedules to the consolidated financial statements required by Article 9 of Regulation S-X are not required under the related instructions or are inapplicable, and therefore have been omitted.

3. The following exhibits are filed as part of this report: Reference is made to the exhibit index which follows the signature page of this report.

   The Registrant will furnish a copy of any exhibits listed on the Exhibit Index to any shareholder of the Registrant without charge upon written request of Steven L. Germond, Macatawa Bank Corporation, 348 Waverly Road, Holland, Michigan 49423.

(b) Reports on Form 8-K

During the last quarter of the period covered by this report, the Registrant filed no Current Reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, dated March 2, 2001.

MACATAWA BANK CORPORATION

/s/ Benj. A. Smith, III

Benj. A. Smith, III
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Steven L. Germond

Steven L. Germond
Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 2, 2001, by the following persons on behalf of the Registrant and in the capacities indicated. Each director of the Registrant, whose signature appears below, hereby appoints Benj. A. Smith, III and Philip J. Koning, and each of them severally, as his attorney-in-fact, to sign in his name and on his behalf, as a director of the Registrant, and to file with the Commission any and all Amendments to this Report on Form 10-K.

Signature	
/s/ Benj. A. Smith, III Benj. A. Smith, III, Principal Executive Officer and a Director	March 2, 2001
/s/ Steven L. Germond Steven L. Germond, Principal Financial and Accounting Officer	March 2, 2001
/s/ G. Thomas Boylan G. Thomas Boylan, Director	March 2, 2001
/s/ Robert E. DenHerder Robert E. DenHerder, Director	March 2, 2001
/s/ John F. Koetje John F. Koetje, Director	March 2, 2001
/s/ Philip J. Koning	March 2, 2001

Philip J. Koning, Director and President

EXHIBIT INDEX

<TABLE>
<CAPTION>

	Exhibit Number and Description	Sequentially Numbered Page
<S>		<C>
2	Consolidation Agreement dated December 10, 1997, incorporated by reference to Exhibit 2 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	
3.1	Articles of Incorporation of Macatawa Bank Corporation, incorporated by reference to Exhibit 3.1 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	
3.2	Bylaws of Macatawa Bank Corporation, incorporated by reference to Exhibit 3.2 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	
4	Specimen stock certificate of Macatawa Bank Corporation, incorporated by reference to Exhibit 4 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	
10.1	Macatawa Bank Corporation Stock Compensation Plan, incorporated by reference to Exhibit 10.1 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	
10.2	Macatawa Bank Corporation 1998 Directors' Stock Option Plan, incorporated by reference to Exhibit 10.2 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	
10.3	Lease Agreement dated July 8, 1997, for the facility located at 51 E. Main, incorporated by reference to Exhibit 10.3 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	
10.4	Lease Agreement dated January 1, 1998, for the facility located at 139 East 8th Street, Holland, Michigan 49423, incorporated by reference to Exhibit 10.4 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	

</TABLE>

10.5	Lease Agreement dated December 22, 1997, for the facility located at 106 E. 8th Street, Holland, Michigan 49423, incorporated by reference to Exhibit 10.5 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	
10.6	Data Processing Agreement between Rurbanc Data Services, Inc. and Macatawa Bank dated July 1, 2000.	
10.7	MagicLine Product Services Agreement between MagicLine, Inc. and Macatawa Bank dated October 1, 1997., incorporated by reference to Exhibit 10.9 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	
10.8	FTB Participating Bank Agreement between First Tennessee Bank National Association and Macatawa Bank dated October 24, 1997, incorporated by reference to Exhibit 10.10 to the Macatawa Bank Corporation Registration Statement on Form SB-2 (Registration No. 333-45755).	
13	Annual Report to Shareholders for the year ended December 31, 2000. This exhibit, except for those portions expressly incorporated by reference in this filing, is furnished for the information of the Securities and Exchange Commission and is not deemed "filed" as part of this filing. This information was delivered to the Company's shareholders in compliance with Rule 14a-3 of the Securities Exchange Act of 1934, as amended.	
21	Subsidiaries of the Registrant	
23	Consent of Crowe, Chizek and Company LLP, independent public accountants	
24	Power of Attorney (included on the signature page on page 15 of the Annual Report on Form 10-K)	

EXHIBIT 10.6

RURBANC DATA SERVICES, INC.

DATA PROCESSING SERVICES AGREEMENT

This agreement is entered into effective as of July 1, 2000, by and between Rurbanc Data Services, Inc., a wholly owned, subsidiary of Rurban Financial Corporation, an Ohio Corporation located at 401 Clinton Street, Defiance, Ohio 43512 (there after referred to as "RDSI"), and

Macatawa Bank
250 E. Eighth St.
Holland, MI 49423

(hereinafter referred to as "Bank").

I. GENERAL STATEMENT CONCERNING SERVICES

The Bank agrees that RDSI may perform for the Bank certain services as described in the schedule(s) attached hereto (the "Services"), and RDSI agrees to perform such Services pursuant to the terms and conditions of this Agreement. The Bank agrees to compensate RDSI for the Services in accordance with the term of the Agreement.

II. TERM OF THE AGREEMENT

The initial term of the Agreement (the "initial term") shall commence on the first date on which Services are provided to the Bank hereunder (the "Commencement Date") and shall continue for a period of FIVE (5) years. Thereafter, the term of the Agreement shall automatically continue until it is terminated by the Bank or RDSI in accordance with the terms hereof.

In addition to any other termination rights that exist under other Sections of this Agreement, either the Bank or RDSI may terminate the Agreement as of the end of Initial Term or at any time thereafter by providing one hundred and eighty (180) days prior written notice to the other party.

III. FEES FOR SERVICES

A. For the Services provided hereunder, the Bank shall initially pay to RDSI the fees specified in the Fee Schedule attached hereto as Addendum A (the "Fee Schedule"). The bank acknowledges that RDSI may (i) decrease such fees at anytime, and (ii) by providing thirty (30) days prior written notice to the Bank, increase any such fees at any time after the second anniversary of the Commencement Date, and the Bank agrees to pay such increased or decreased fees. RDSI and the Bank have agreed that during the first TWO years of the Agreement, rates shall be fixed at such rates as described in the attached Addendum A-Fee Schedule. Notwithstanding the foregoing, RDSI agrees that it will not increase its fees, in the aggregate, by more than five percent (5%) in either the third, fourth or fifth years of the Initial Term.

B. Exceptions to the pricing arrangements specified in Section III. A. above will be those related to increased account and transaction volumes of the Bank; new applications and services not presently utilized by the Bank; increased number of terminals or workstations supported; Saturday processing, and services not presently covered by the Agreement. Bank agrees to purchase its own paper supplies, statements, checks, etc.

C. Bank acknowledges that the Fee Schedule does not include charges for ground transportation/courier services. To the extent utilized by the Bank, such transportation charges in addition to those specified in Section III.A. above, will be calculated and invoiced by RDSI to Bank based on allowable Internal Revenue Service mileage and maintenance guidelines, plus salary considerations, and will be subject to change by RDSI. RDSI agrees to obtain Bank approval prior to utilizing any ground transportation/courier services.

D. Bank further acknowledges that the Services provided do not include Saturday processing; and that if, in the future, RDSI provides Saturday processing to the Bank as part of the Services, RDSI charges for such additional Services will be in addition to those called for in Section III.A. above.

IV. CONVERSION

All expenses of conversion will be paid by the Bank, and will include conversion and training fees, equipment purchases and modifications, communication equipment and lines, ITI formal training classes, new forms and supplies and other conversion cost items. The conversion expenses will also include a conversion fee to RDSI in the amount of $0.00, plus any out of pocket expenses incurred by RDSI in direct relation to the conversion (i.e., lodging, meals, mileage, etc.), plus any other out of pocket expenses incurred by RDSI in direct relation to the deconversion of the Bank's existing processing system. The RDSI conversion fee will be due upon invoicing. RDSI will provide the Bank with the results of any conversion tests that are performed by RDSI. The Bank agrees to notify RDSI of any potential problems which it recognizes as a result of its review of such test results.

V. AUDIT

RDSI employs an internal auditor responsible for ensuring the integrity of its processing environments and internal controls. In addition, RDSI provides for periodic independent audits of its operations. In each instance, RDSI will provide the Bank with a copy of the independent audit within a reasonable time after its completion, and will charge the Bank and each of its other clients a fee based on the pro rata cost of the independent audit. RDSI will also provide a copy of the independent audit to the appropriate regulatory agency having jurisdiction over RDSI's provision of Services hereunder.

VI. CORRECTION OF ERRORS

All Services provided by RDSI hereunder shall be deemed acceptable to the Bank unless the Bank, within 30 days following its receipt of the Services, has provided to RDSI a written notice which reasonably identifies the claimed error together with supporting documentation which reasonably supports the claim. In each such instance, RDSI promptly and in good faith (i) will review that claim and where the claim is meritorious (ii) will attempt to reprocess or otherwise remedy the problem at its own cost and expense, subject to the limitations set forth in Section VIII below. Work reprocessed due to error in data supplied by Bank, on Bank's behalf by a third party, or by Bank's failure to follow procedures set forth by RDSI will be billed to the Bank at RDSI's then current rates as additional services hereunder.

VII. WARRANTIES

A. RDSI represents and warrants that: (i) the Services will conform to the specifications, if any, set forth in the schedules attached to this Agreement, (ii) RDSI will perform the Bank's work accurately and in accordance with the provisions of the Agreement including Section XIV hereof, provided that the Bank supplies accurate data and information and follows the procedures described in all of RDSI's documentation, notices and advice's; (iii) RDSI personnel will exercise due care in providing the Services; (iv) RDSIs performance hereunder will comply in aft material respects with all Federal and State laws that are in existence as of the effective date of this Agreement; and (v) the Services will be capable of supporting Year 2000 functionality and will function in accordance with the specifications of a multi-century, multi-millennium environment. As used in the Section VII.A., "supporting Year 2000 functionality" shall mean that the Services provided hereunder will provide fault-free performance in the processing of dates and date-related data, including but not limited to calculating comparing and sorting individually and in combination with other RDSI products and services. As used in this Section, "fault-free performance" shall mean the correct manipulation of data containing dates prior to, through and beyond January 1, 2000 (including leap year computations), without human intervention. Any modifications required to conform the Services provided by RDSI hereunder to Year 2000 functionality will be made by RDSI at its own expense. However, associated costs for assistance and testing of the data of Bank files and equipment that may be required by various regulatory authorities will be the responsibility of the Bank.

B. THE WARRANTIES STATED IN SECTION VII.A. ABOVE ARE LIMITED WARRANTIES AND ARE THE ONLY WARRANTIES MADE BY RDSI. RDSI DOES NOT MAKE, AND THE BANK HEREBY EXPRESSLY WAIVES, ALL OTHER WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE STATED EXPRESS WARRANTIES ARE IN LIEU OF ALL LIABILITIES OR OBLIGATIONS OF RDSI FOR DAMAGES ARISING OUT OF

OR IN CONNECTION WITH THE DELIVERY, USE OR PERFORMANCE OF THE SERVICES.

C. The Bank represents and warrants that: (i) no contractual obligations exist that would prevent the Bank from entering into the Agreement; (ii) that throughout the term of this Agreement, it will comply with all applicable regulatory requirements; (iii) it will take such steps as are necessary to ensure that its own data, files and equipment will be capable of supporting Year 2000 functionality; and (iv) it has requisite authority to execute, deliver and perform this Agreement. The Bank shall indemnify and hold harmless RDSI, its officers, directors, employees and affiliates against any and all claims by third parties arising out of the performance and nonperformance of the Service by RDSI hereunder; provided, that such indemnity on the part of the Bank shall not preclude the Bank from recovering direct damages from RDSI pursuant to the terms and subject to the limitations of the Agreement.

VIII. LIMITATION OF LIABLITY

A. Except as otherwise provided in the penultimate sentence of Section VII.A. above, IN NO EVENT SHALL RDSI BE LIABLE FOR LOSS OF GOOD WILL, OR FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING FROM THE BANK'S USE OF THE SERVICES OR RDSPS SUPPLY OF EQUIPMENT OR SOFTWARE, REGARDLESS OF WHETHER SUCH CLAIM ARISES IN TORT OR IN CONTRACT. RDSI'S AGGREGATE LIABILITY FOR ANY AND ALL CAUSES OF ACTION RELATING TO THE SERVICES SHALL BE LIMITED TO THE TOTAL FEES PAID BY THE BANK TO RDSI HEREUNDER FOR TEE SERVICES RESULTING IN SUCH LIABILITY IN THE TWO-MONTH PERIOD PRECEEDING THE DATE THE CLAIM ACCRUED; AND RDSI'S AGGREGATE LIABILITY FOR A DEFAULT RELATING TO EQUIPMENT OR SOFTWARE SHALL BE LIMITED TO THE AMOUNT PAID BY THE BANK FOR THE EQUIPMENT OR SOFTWARE.

B. If the Bank's records or other data submitted for processing are lost or damaged as a result of any failure by RDSI, its employees or agents to exercise reasonable care to prevent such loss or damages, RDSI's liability on account of such loss or damages shall not exceed the reasonable cost of reproducing such records or data from exact duplicates thereof in the Bank's possession.

IX. DISASTER RECOVERY

A. RDSI maintains a disaster recovery plan (the "Disaster Recovery Plan") with respect to each of the Services. For purposes of the Agreement, a "Disaster" shall mean any unplanned interruption of the operations of or inaccessibility to RDSI's service center in which RDSI, using reasonable judgement, requires relocation of processing to a recovery location. RDSI shall notify the Bank as soon as possible after RDSI deems a service outage to be a Disaster. RDSI shall move the processing of the Bank's standard services to a recovery location as expeditiously as possible and shall coordinate the cut-over to back-up telecommunication facilities with the appropriate couriers. The Bank shall maintain adequate records of all transactions during the period of service interruption and shall have personnel available to assist RDSI in implementing the switchover to the recovery location. During a disaster, optional or on-request services shall be provided by RDSI only to the extent adequate capacity exists at the recovery location and only after stabilizing the provision of base services.

B. RDSI will work with the Bank to establish a plan for alternative communications in the event of a Disaster.

C. RDSI will test the Disaster Recovery Plan periodically. The Bank agrees to participate in and assist RDS1 with such test, if requested by RDSI. Upon the Bank's request, test results will be made available to the Bank's management, regulators, auditors and insurance underwriters. RDSI will charge the Bank and each of its clients a fee based on the pro rata cost of the disaster recovery program-

D. RDSI will release to the Bank information necessary to allow the Bank to develop, and the Bank agrees to develop with respect to its own internal operations and equipment, a disaster recovery plan that operates in concert with the Disaster Recovery Plan.

E. The Bank understands and agrees that the Disaster Recovery Plan is designed to minimize, but not eliminate, risks associated with a disaster affecting RDSI's service center. RDSI does not warrant that the Services will be uninterrupted or error free in the event of a Disaster, and no performance standards shall be applicable during the pendency of any Disaster. The Bank shall be responsible for adopting a disaster recovery plan relating to disasters affecting the Bank's facilities and for securing business interruption insurance or other insurance necessary for the Bank's protection.

X. OWNERSHIP AND CONFIDENTIALITY

A. It is understood that the Bank is the legal owner of all data and records relative to itself which may be in the possession of RDSI and that such data and records may be obtained by the Bank via machine readable form at a reasonable charge determined by RDSI, as stated in Section XVH (Deconversion Considerations) of the Agreement. RDSI is the owner of all programs and documentation.

B. RDSI and the Bank each agree that all information including, but not limited to business methods, internal operations data and customer records, communicated to it by the other either before or after the effective date of this Agreement, was and shall be received in strict confidence, shall be used only for the purposes of this Agreement, and that no such information shall be disclosed by the recipient party without the prior written consent of the other party, and each agrees that each party will prevent the disclosure to outside parties of the terms and provisions hereof, except as may be necessary by reasons of legal, accounting, or regulatory requirements beyond the reasonable control of RDSI or the Bank, as the case may be.

C. This Agreement absolutely prohibits either party from disclosing confidential information of the other, except as required by law or court order or disclosure of information already in the public domain through no fault of either party to the Agreement. Both parties agree to notify the other of any breach of confidentiality.

D. RDS1 and the Bank agree to indemnify and hold harmless the other from any direct loss, damage cost or expense which the other may sustain or incur by reason of any wrongful use by RDSI or the Bank, as the case may be, or confidential information of the other obtained in the course of the performance of this Agreement. In no event, shall such indemnification extend to claims by or information communicated by third parties not subject to the Agreement.

E. RDSI agrees that it will comply with all applicable Federal and State Banking regulations governing the use of disclosure of information provided by the Bank.

F. RDSI shall establish and maintain reasonable safeguards against the destruction or loss of the Bank's data in the possession of RDSI.

G. RDSI will notify the Bank of any system changes that will effect the Bank's procedures, reports, etc.

H. RDS1 and the Bank each agree that all Bank information, including hard copy report media as well as on-line data, and all Bank customer data, shall be held in strict confidence, and shall be used only for purposes of the Agreement, and that no such information shall be disclosed without the prior written

consent of the Bank. RDSI and Bank each agrees to take all reasonable precautions to prevent the disclosure to outside parties of the terms of this Agreement, except as required by law.

XI. PAYMENTS AND BILLING

Each month, RDSI will invoice the Bank for the fees referenced in Section III above and for any other amounts that may be owing from the Bank to RDSI under the terms of this Agreement. If any invoice is not paid in full within thirty-one (31) days after the date of the invoice, the unpaid portion will be subject to, and the Bank agrees to pay, a service charge of one percent (1%) per month on such unpaid portion.

XII. GENERAL

A. The Bank acknowledges that it has not been induced to enter this Agreement by any representation or warranty not set forth in this Agreement. This Agreement, together with the addenda and schedules attached hereto, contain the entire agreement of the parties with respect to its subject matter hereof, and supersedes all existing agreements and all other oral, written or other communications with respect to such matters. This Agreement may not be modified in any way except by a writing signed by both parties. If at any time after the effective date of the Agreement, RDSI and the Bank agree upon the provision of additional Services not originally covered by this Agreement, such additional Services shall be dealt with in an Addendum to this Agreement signed by both RDSI and the Bank.

B. This Agreement may not be assigned by the Bank, in whole or in part, without the prior written consent of RDSI. This Agreement shall be binding upon and shall insure to the benefit of RDSI and the Bank and their respective successors and permitted assigns.

C. If any provision of the Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of the Agreement shall not in any way be affected or impaired thereby.

D. The Headings in this Agreement are intended for convenience of reference and shall not affect its interpretation.

E. The individuals executing this Agreement on behalf of RDSI and the Bank do each hereby represent and warrant that they are duly authorized by all necessary action to execute the Agreement on behalf of their respective principals.

F. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

G. Neither RDS1 nor the Bank will be responsible for delays or failures in performance resulting from acts reasonable beyond the control of that party. Such acts will include, but not be limited to (i) mechanical failures or breakdown of electronic data processing equipment, (ii) shortages in supplies or materials, (iii) strikes, lockouts, riots, civil disturbance, war or insurrection, (iv) fire, epidemics or other casualty; (v) earthquakes, floods, tornadoes, storms or similar acts of God, (vi) destruction of data communication lines, or (vii) governmental regulations or interference.

H. RDSI and the Bank agree that if at anytime documentation or other information is in transit via ground courier from Bank to RDSI or from RDSI to Bank, the party making the shipment will maintain or cause the courier to maintain reasonable insurance with respect to such items.

I. If at any time RDSI is required to incur costs for the express and limited purpose of complying with changes in the law that (i) occur after the effective date of this Agreement and (ii) relate directly to the provision Services hereunder, RDS1 will be entitled to charge the Bank and each of its other clients a pro rata fee based upon such compliance costs incurred by RDSI.

XIII. INTERNAL REVENUE SERVICE

As part of the Services, RDSI shall at all times attempt to comply with all applicable Internal Revenue Service ("IRS") reporting requirements. In that regard, if at any time, the IRS assesses a fine or penalty against the Bank based upon information provided to the IRS by RDSI, and RDSI, in its reasonable judgement, determines that the fine or penalty did not result from erroneous information previously provided to RDSI by the Bank, the subject to the liability limitations contained in Section VIII hereof, RDSI will indemnify and save the Bank harmless from such fines and penalties.

XIV. ON-LINE AVAILABILITY AND OTHER MATTERS

A. RDSI will make every reasonable effort to have On-Line Inquiry Services available during the following hours:

On-Line Availability	Schedule
8:00 a.m. - 7:00 p.m.	Monday
8:00 a.m. - 7:00 p.m.	Tuesday
8:00 a.m. - 7:00 p.m.	Wednesday
8:00 a.m. - 7:00 p.m.	Thursday
8:00 a.m. - 7:00 p.m.	Friday
8:00 a.m. - 3:00 p.m.	Saturday
Not Available Unless Previously Arranged	Sunday
Not Available Unless Previously Arranged	Scheduled Holidays *Based on Federal Reserve Holiday Schedule

-------------------------------- --------------------------

B. RDSI will provide system updates nightly for the Bank, Monday through Friday, excluding Federal Reserve holidays. Saturday's work will be posted or updated during Monday's nightly update. In addition, Friday's actual reports typically will not be delivered to the Bank until the following Monday morning, with delivery being made by ground courier, via the MACROFICHE Report Storage and Retrieval System, by the RECALL Optical Disk Systems, or by other RDSI supported Report Storage and Retrieval System. Although processing will not occur on Saturdays, the on-line system will be available to the Bank on Saturday, so that regular business may be conducted.

C. RDSI assures on-line availability for balance verification and transaction authorization to the RDSI Enterprise Server (host computer) at least ninety-five percent (95%) of the processing time each month (excluding scheduled down time for normal system maintenance) provided the Bank's network and data communication lines are available. The Bank shall be notified at least one (1) week in advance of any scheduled Enterprise Server (host computer) downtime.

D. On a monthly basis, RDSI will assure that its on-line computing facilities are available for the processing of the Bank's on-line trarisactions at a minimum of ninety-five percent (95%) of the time, measured over a calendar month at the point of departure from the RDSI Enterprise Server (host computer).

E. On-line response time is a direct function of the data communication line speed and the Bank's internal network. If requested by the Bank, RDSI, as an additional service performed at its standard rates, will assist the Bank in analyzing and maintaining an acceptable and satisfactory response time and, when necessary, will assist the Bank in attempting to improve the response time.

F. As part of its customer service, RDSI will endeavor to respond to the Bank's questions within an average response time of two (2) hours after RDSI is contacted at its Customer Support Center.

G. RDSI will notify the Bank of any errors in the RDSI software or operating system procedures that appear to impact the Bank whenever such errors are detected by or reported to RDSI. Such notification shall include a plan for correction of the error.

H. RDSI will provide the Bank two (2) weeks notice of any change in routing operating procedures. Changes falling into this category include but are not limited to: (i) persons to notify in the event of a problem; (ii) form of communications; (iii) change in processing or contact location; and (iv) hours of service, etc.

L RDSI will notify the Bank, in writing, of any enhancements or new releases of the RDSI software not less than one (1) week prior to implementation of such changes.

XV. TERMINATION

A. In the event that any correct invoice submitted by RDSI to the Bank remains unpaid thirty-one (3 1) days after the date of the invoice, RDSI, at its option, may terminate this Agreement. For purposes of the Section XV.A. any invoice submitted by RDSI shall be deemed correct unless, within thirty (30) days of the date of the invoice, the Bank provides a written notice to RDSI which states, with reasonable particularity and detail, the nature of the claimed error.

B. Either RDSI or the Bank may terminate the Agreement in the event that (i) the other party becomes the subject of any proceeding under the Bankruptcy Code, or (ii) if any substantial part of the other party's property becomes subject to levy, seizure, attachment or sale by creditor or governmental agency, whether pursuant to a receivership proceeding or otherwise.

C. Either RDSI or the Bank may terminate this Agreement as provided in Section II above.

D. In addition to the termination rights previously provided for in this Section XV., either RDSI or the Bank may terminate this Agreement in the event that any other material breach of this Agreement by the other party is not cured within ninety (90) days following written notice stating, with reasonable particularity and detail, the nature of the claimed breach.

XVI. REMEDIES

A. If at any time during the Initial Term of this Agreement, RDSI terminates this Agreement pursuant to Section XV.A., Section XV.B. or Section XV.D. above, then, RDSI shall be entitled to recover from the bank - in addition to any amount accrued for Services performed prior to the date of termination - as liquidated damages and not as a penalty, an amount equal to the present value of all payments remaining to be made hereunder for the remainder of the Initial Term of this Agreement. For purposes of the preceding sentence, the present value shall be computed using the "prime" rate (as published in The Wall Street Journal) in effect at the date of termination and "all payments remaining to be made" shall be calculated based on the average of RDSI's invoices for the three (3) months immediately preceding the date of termination. RDSI and the Bank acknowledge and agree that in the event of a termination of the character described in this Section XVI.A., RDSI will suffer substantial damages that are difficult or impossible to quantify; that the amount calculated under the terms of this Section XVI.A. is a reasonable estimate of RDSI's probable damages; and that such amount shall be payable as liquidated damages hereunder in the event of any such termination. The Bank agrees to reimburse RDSI for any expenses, including reasonable attorney's fees, that RDSI incurs in enforcing its remedies under this Section XVI.A.

XVII. ARBITRATION

A. Any dispute or controversy arising out of this Agreement of its interpretation shall be submitted to and resolved exclusively by arbitration under the rules then prevailing of the American Arbitration Association, upon written notice of demand for arbitration by the party seeking arbitration, setting

forth the specifics of the matter in controversy or the claim being made. The Arbitration shall be heard before an arbitrator mutually agreeable to the parties; provided, that if the parties cannot agree upon the choice of arbitrator within ten (10) days after the first party seeking arbitration has given written notice thereof, the arbitration shall be heard by three arbitrators, one chosen by each party and the third chosen by those two arbitrators. The arbitrators will be selected from a panel of persons having experience with and knowledge of information technology. A hearing of the merits of any claim for which arbitration is sought by either party shall be commenced not later than ninety (90) days from the date demand for arbitration is made by the first party seeking arbitration. Any award by the arbitrator(s) in any such arbitration proceeding shall be final and binding upon the parties and a judgement thereon may be entered in any court of competent jurisdiction.

B. Any arbitration proceedings shall be governed by the United States Arbitration Act. The arbitrators shall apply the substantive law of the State of Ohio, without reference to provision relation to conflict of laws. The arbitrators shall not have the power to alter, modify, amend, add to or subtract from any term or provision of the Agreement. The arbitrators shall have the authority to grant any legal remedy that would have been available had the parties submitted the dispute to a judicial proceeding.

C. If arbitration is required to resolve any disputes between the parties, such proceeding shall be held in Columbus, Ohio or in such other location that is mutually agreed upon by the parties.

XVIII. DECONVERSION CONSIDERATIONS

A. Upon termination of this Agreement, the Bank may obtain from RDSI relevant data files and records for the purposes of deconversion to an alternative data processing system via machine readable media under the following pricing arrangement:

1. Magnetic Machine Readable Media - $150.00 per tape.
2. Bank agrees to purchase from RDSI, at RDSI's cost, all used special form inventory previously purchased at RDSI's expense.
3. All data processing line charges yet to be invoiced, calculated to the estimated date of deconversion and actual line disconnect order.
4. Programming and Software Deconversion Charges - $1,500.00
5. Additional charges, if any, directly relating to the Deconversion, as assessed by Information Technology, Inc.

M71), Lincoln, Nebraska. These charges, if any, as determined by ITI will be passed through directly to the Bank.

6. Reports, trials, listings, etc. - $50.00 per report.

B. The deconverison activities contemplated by this Section XVII. Shall constitute additional services hereunder and the amounts payable to RDSI therefore (i) shall be in addition to the fees called for in the Fee Schedule referenced in Section III above, and (ii) shall be due prior to RDSI's release of the information in question.

C. The Bank shall not be required to pay any of the deconversion fees or charges provided for in this Section XVIII. in the event this Agreement is terminated by the Bank pursuant to either Section XV.B. or Section XV.D. above.

XIX. NONSOLICITATION OF EMPLOYEES

During the term of this Agreement and for a period of twelve (12) months thereafter, without prior written consent of the other, neither RDSI nor the Bank will offer employment to or otherwise employ any person employed by the other if the person was involved with the Services provided under this Agreement.

XX. PATENT INDEMNITY

Each of RDSI and the Bank shall indemnify, defend and hold harmless the other from any and all claims, actions, damages, liabilities, costs and expenses, including without limitation reasonable attorney's fees and expenses, arising out of any claims of infringement of any United States letters patent, any trade secret, or any copyright, trademark, service mark, trade name or similar proprietary rights conferred by common law or by any law of the United States or any state alleged to have occurred because of systems provided or work performed. However, this indemnity will not apply unless the party seeking indemnity informs the party from whom indemnification is sought full opportunity to control the defense thereof, including without limitation any agreement relating to settlement.

XXI. NOTICES

All notices and other communications hereunder shall be in writing and will be deemed to have been given when delivered by hand or deposited in the United States mail, first class (or in the case of a breach, registered or certified, return receipt requested with proper postage, registration and certification fees prepaid), addressed to the party for whom intended at the respective addresses set forth below, or such other address as may be designated pursuant hereto:

If to RDS:
2010 Jefferson Avenue
Defiance, Ohio 43512
Attention: Jon A. Brenneman
Executive Vice President

If to the Bank:
250 E. Eighth St.
Holland, NE 49423
Attention: , President & CEO

IN WITNESS WHEREOF, RDSI and the Bank have caused the Agreement to be executed and delivered by their duly authorized representatives effective as of the date first above written.

RURBANC DATA SERVICES, INC.

By: _____________________________________

Title: __________________________________

Macatawa Bank

Commencement Date: ______________________

By: _____________________________________

Title:___________________________________

<TABLE>
<CAPTION>

ADDENDUM A - FEE SCHEDULE
PREMIER II SYSTEM

of   Cost per Account
Monthly

Account Type	Accounts	per Month	Account Status	Minimum
<S>	<C>	<C>	<C>	<C>
DDA		$0.35	Open Accounts on file	$100.00
DDA		$0.00	Closed Accounts on file	
DDA		$0.05	Statement Printing @ RDSI	
Savings		$0.30	Open Accounts on file	$100.00
Savings		$0.00	Closed Accounts on file	
Certificates of Deposit		$0.30	Open Accounts on file	$100.00
Certificates of Deposit		$0.00	Closed Accounts on file	
Loan		$0.35	Open Loan Accounts on file	$100.00
Loan		$0.00	Closed Loan Accounts on file	
Central Information System		$0.10	Per portfolio	$100.00
Financial General Ledger Management System	1-500	$1.20	Per Account	
	501-1000	$0.50	Per Account	
	1001+	$0.25	Per Account	
Addenda's		$0.025	Per Addenda	
Automated Clearing House (ACH)		INCLUDED		
ATM Network Support		$0.05	Per ATM/Debit Card Account	$150.00
Communication Device Support Includes PC's, CRT, Proof Machines, Recall, Macrofiche, etc.	1-20	$30.00	Per Device	
	21+	$20.00	Per Device	
Year End Processing; reporting and IRS forms		$0.15	Per Total Number of Accounts annually	
Confirmations		$0.10	Per Form - ON REQUEST ONLY	
Check Printing @ RDSI		$0.20	Per Check - ON REQUEST ONLY	
Report Printing @ RDSI		$50.00	ON REQUEST ONLY/Flat Fee	
Mailing Labels		$0.10	ON REQUEST ONLY	
Magnetic Tape		$75.00	Per Tape ON REQUEST ONLY	
Communications Equipment and Line Support and Maintenance		$75.00	Per data line per month	
Third Party Audit Review			Pass through charge - subject to change	
Disaster Recovery Contingency Plan Services			Pass through charge - subject to change	

</TABLE>

RURBANC DATA SERVICES, Inc.

Dated: ________________________________

BY: ________________________________

TITLE: ________________________________

Macatawa Bank
Holland, MI

BY: ________________________________

TITLE: ________________________________

Data Processing Agreement
Addendum E1 - Telebanc System
(Equipment Located at RDSI)

The Telebanc System is RDSI's telephone banking module, and offers several choices for bank customer to use touch-tone telephones to access bank services.

FEES	Per Month Per Total Number of Accounts
RDSI Monthly Fee (With Bill Payment)	$0.036
RDSI Monthly Minimum	$300.00
RDSI Monthly Fee (Without Bill Payment)	$0.029
RDSI Monthly Minimum	$250.00
RDSI Monthly Telebanc Line & Interface Fee	$100.00
RDSI Installation Fee	$500.00

Other Considerations: Unisys Enhanced Poll Select
Price of Telephone Banking
Bank pays for 800 numbers and/or telephone calls Pricing based on five (5) year Data Processing Agreement One-time Script charge from Intervoice $2,000.00-5,000.00

Early Termination Agreement: Waived [ ]   Date: ____________

This Addendum has been licensed from ITI, based on a Three (3) Year Term. This directly determines the price as quoted in this Addendum. In the event that the Bank terminates this Addendum Agreement prior to the expiration date (which is 36 months from the date found on the bottom of this page), the following formula will be used to calculate the early termination charge to be assessed to the Bank.

The Early Termination Charge will be determined by taking the Average Total Accounts (Loans and Deposits) previous three processing months, multiplied times the per Account Monthly Fee, multiplied times the remaining months of this agreement.

TYPE: ________________________________

RURBANC DATA SERVICES, INC.

DATED: _________________________________

BY: _________________________________

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY: _________________________________

TITLE: _________________________________

FOR OFFICE USE ONLY

DATE INSTALLED: __________________
DATE INVOICED: __________________
DATE INSTALLATION
FEE INVOICED: ____________________

Data Processing Agreement
Addendum E5 - Third Party Pull File Electronic Banking Interface

RDSI will produce a file (Pull File) for the purpose of interfacing information to the Bank's third party electronic banking system or software.

FEES	Per Month Per Pull File
RDSI Daily Pull File Fee	$50.00
RDSI Weekly Pull File Fee	$40.00
RDSI Monthly Pull File Fee	$15.00
RDSI Premium Pull File Fee (*1st business day of the month)	$20.00

RURBANC DATA SERVICES, INC.

DATED: _____________________________________

BY: _____________________________________

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

- --

FOR OFFICE USE ONLY
- --------------------
DATE INSTALLED: __________________
DATE INVOICED: ___________________
DATE INSTALLATION
FEE INVOICED: _____________________

- --

Data Processing Agreement
Addendum F2 - Accounts Payable System

The Accounts Payable System provides comprehensive control of vendors, purchase orders, invoices and checks, and introduces a new level of automation of the effective compliments the financial information systems and the general ledger accounting system.

FEES	Per Month Per Total Number of Accounts
RDSI Monthly Fee	
less than 50,000 total number of accounts	$50.000
less than 100,000 total number of accounts	$100.000
less than 150,000 total number of accounts	$150.000
greater than 150,000 total number of accounts	$200.000
RDSI Monthly Minimum	$50.00
RDSI Installation Fee	$250.000

- --

- --
Early Termination Agreement: Waived [ ] Date: ____________
This Addendum has been licensed from ITI, based on a Three (3) Year Term. This directly determines the price as quoted in this Addendum. In the event that the Bank terminates this Addendum Agreement prior to the expiration date (which is 36 months from the date found on the bottom of this page), the following formula will be used to calculate the early termination charge to be assessed to the Bank.

The Early Termination Charge will be determined by taking the Average Total Accounts (Loans and Deposits) previous three processing months, multiplied times the per Account Monthly Fee, multiplied times the remaining months of this agreement.

RURBANC DATA SERVICES, INC.

DATED:

BY:

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

- -------------------------------------

FOR OFFICE USE ONLY
- -------------------
DATE INSTALLED: __________________
DATE INVOICED: ___________________
DATE INSTALLATION
FEE INVOICED: ____________________

- -------------------------------------

Data Processing Agreement
Addendum F5 - Stockholder Accounting System

The Stockholder Accounting System provides the Bank with the tools to monitor the purchase and sale of its stock. Up to nine different stock plans per bank may be designed to facilitate management of different common and preferred stock offerings.

FEES	Per Month Per Total Number of Stockholder Accounts
RDSI Monthly Fee	$0.15
RDSI Monthly Minimum	$25.00
RDS1 Installation Fee	$250.00

The SAS provides a through record of stockholders and stock plans. Cash and stock dividends are automatically disbursed. Certificate buys and sells are easily managed. Stock splits are easily modeled or actually performed, and proxy mailing and tracking is completely accounted for.

- ---
Early Termination Agreement: Waived [ ]   Date: ____________
This Addendum has been licensed from ITI, based on a Three (3) Year Term. This directly determines the price as quoted in this Addendum. In the event that the Bank terminates this Addendum Agreement prior to the expiration date (which is 36 months from the date found on the bottom of this page), the following formula will be used to calculate the early termination charge to be assessed to the Bank.

The Early Termination Charge will be determined by taking the Average Total Accounts (Loans and Deposits) previous three processing months, multiplied times the per Account Monthly Fee, multiplied times the remaining months of this agreement

RURBANC DATA SERVICES, INC.

DATED:

BY:

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

- ------------------------------------

FOR OFFICE USE ONLY
- -------------------
DATE INSTALLED: __________________
DATE INVOICED: ___________________
DATE INSTALLATION
FEE INVOICED: ____________________

- ------------------------------------

Data Processing Agreement
Addendum F10 - Platform Transfer Module

(Loan and Deposit Interface)

FEES	Per Month Per Total Number of Accounts
Platform System with Interactive Deposit Interface	
RDS1 Monthly Fee	$0.005
RDS1 Installation Fee	$500.00
Platform System with Interactive Loan Interface	
RDS1 Monthly Fee	$0.010
RDSI Installation Fee	$500.00

TYPE:_________________
Software to be Interface:________________

Early Termination Agreement: Waived [_]   Date: ____________
This Addendum has been licensed from ITI, based on a Three (3) Year Term. This directly determines the price as quoted in this Addendum. In the event that the Bank terminates this Addendum Agreement prior to the expiration date (which is 36 months from the date found on the bottom of this page), the following formula will be used to calculate the early termination charge to be assessed to the Bank.

The Early Termination Charge will be determined by taking the Average Total Accounts (Loans and Deposits) previous three processing months, multiplied times the per Account Monthly Fee, multiplied times the remaining months of this agreement.

RURBANC DATA SERVICES, INC.

DATED:

BY:

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

FOR OFFICE USE ONLY

DATE INSTALLED: ____________
DATE INVOICED: _____________
DATE INSTALLATION
FEE INVOICED: ______________

Data Processing Agreement
Addendum F13 - Safe Deposit Box System

The Safe Deposit Box System is a comprehensive system for managing and controlling a safe deposit box inventory and associated customer accounts.

FEES	Per Month Per Total Number of Safe Deposit Box ACCOUNTS
RDSI Monthly Fee	$0.15
RDSI Monthly Minimum	$25.00
RDSI Installation Fee	$250.00

- --
Early Termination Agreement: Waived [ ]   Date: ____________
This Addendum has been licensed from ITI, based on a Three (3) Year Term. This directly determines the price as quoted in this Addendum. In the event that the Bank terminates this Addendum Agreement prior to the expiration date (which is 36 months from the date found on the bottom of this page), the following formula will be used to calculate the early termination charge to be assessed to the Bank.

The Early Termination Charge will be determined by taking the Average Total Accounts (Loans and Deposits) previous three processing months, multiplied times the per Account Monthly Fee, multiplied times the remaining months of this agreement.

RURBANC DATA SERVICES, INC.

DATED:

BY:

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

- -----------------------------------

FOR OFFICE USE ONLY
- -------------------
DATE INSTALLED: ________________
DATE INVOICED: _________________
DATE INSTALLATION
FEE INVOICED: __________________

- -----------------------------------

- -----------------------------------

Data Processing Agreement
Addendum F14 - Credit Reporting Module

The Credit Reporting Module assigns Credit Bureau Reporting Codes and Credit Bureau Type Codes to notes and

DDA loan accounts to streamline the reporting process.

FEES	Per Tape
RDSI Tape Fee	$15.00

- --

*Fees are based on a per tape per credit bureau per reporting period. This period is defined by the bank.

- --
Early Termination Agreement: Waived [_]   Date: ____________
This Addendum has been licensed from ITI, based on a Three (3) Year Term. This directly determines the price as quoted in this Addendum. In the event that the Bank terminates this Addendum Agreement prior to the expiration date (which is 36 months from the date found on the bottom of this page), the following formula will be used to calculate the early termination charge to be assessed to the Bank.

The Early Termination Charge will be determined by taking the Average Total Accounts (Loans and Deposits) previous three processing months, multiplied times the per Account Monthly Fee, multiplied times the remaining months of this agreement.

RURBANC DATA SERVICES, INC.

DATED:

BY:

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

- ---
FOR OFFICE USE ONLY
- --------------------
DATE INSTALLED: __________________
DATE INVOICED: ___________________
DATE INSTALLATION
FEE INVOICED: ____________________
- ---

Data Processing Agreement
Addendum R1 - Insyte Report Writing System

Insyte Report Writing System is used primarily to access, create and write reports using information and master files as of the end of the month.

FEES	Per Month
RDSI Monthly Insyte Fee *Includes Insyte for Windows, Insyte File Fee (for access to end of month files, one set of manuals for 3 workstations)	$100.00
RDSI Installation	$350.00

Other Considerations

Insyte file for additional days (per file)	$100.00
Installation for additional stations (per station)	$ 50.00
RDSI Monthly Fees for additional stations (per station)	$ 15.00

- ---

RURBANC DATA SERVICES, INC.

DATED:

BY:

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

- ---
FOR OFFICE USE ONLY
- --------------------
DATE INSTALLED: __________________
DATE INVOICED: ___________________

DATE INSTALLATION
FEE INVOICED: ____________________

- --

Data Processing Agreement
Addendum T1 - On-Line Teller Interface System

This "standard" on-line teller interface system memo posts transactions as they occur at the teller window. The physical items are batched together and processed later through a document capture device.

FEES	Per Month Per Total Number of Accounts
RDSI Monthly Fee	$0.02
RDSI Monthly Minimum	$100.00

- --

Interface Available:

- --------------------

Premier II Teller
EZ Teller System
UNISYS PWTeller System

- --

RURBANC DATA SERVICES, INC.

DATED: -----------------------------------

BY: -----------------------------------

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY: -----------------------------------

TITLE: -----------------------------------

- --

FOR OFFICE USE ONLY

- --------------------

DATE INSTALLED: __________________
DATE INVOICED: ___________________
DATE INSTALLATION
FEE INVOICED: ____________________

- --

Data Processing Agreement
Addendum M2 - Zip+4 and Delivery Point Process

This service is provided quarterly and involves extracting portfolio's that may require nine digit zip code updates.

These portfolio's are then sent to the post office who then assigns a nine digit zip code, inserts a delivery point and CASS certifies the bank. This allows the bank who bar codes and has over 500 statements/mailing a postage reduction.

FEES	Unit Price
RDSI Monthly Minimum	$15.00

*Pass through charge - subject to change

- --

- ---

RURBANC DATA SERVICES, INC.

DATED:

BY:

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

- ---
FOR OFFICE USE ONLY
- --------------------
DATE INSTALLED: __________________
DATE INVOICED: ___________________
DATE INSTALLATION
FEE INVOICED: ____________________
- ---

Data Processing Agreement
Addendum M3 - Geographic Location Coding Processing

This service is provided every six months and involves extracting all loan accounts, sending these extractions to ITI who uses a third party vendor which inserts MSA Codes, Census Tract information, FHA/CRA State and County codes into portfolio's, lines and notes

FEES	Unit Price
RDSI Fee	$75.00
*Pass through charge - subject to change	

- ---

- ---

RURBANC DATA SERVICES, INC.

DATED:

BY:

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

- ---
FOR OFFICE USE ONLY
- --------------------
DATE INSTALLED: __________________
DATE INVOICED: ___________________
DATE INSTALLATION
FEE INVOICED: ____________________
- ---

Data Processing Agreement
Addendum M6 - Errors and Omissions Insurance
For information purposes only

RDSI will carry Errors and Omissions Insurance Coverage as follows:
Electronic Data Processing Errors and Omissions Declared
Coverage: Limit of Liability $1,000,000.00
Deductible of $1,000.00 per claim

Errors and Omissions Insurance Coerage is Carried with Royal Insurance C ied with Royal Insurance Company, 9300 Arrowpoint Blvd. Charlotte, NC 28217. RDSI agrees to provide the Bank notification in the event of a change in insurance carriers of cancellation of the policy by the insurance carriet. RDSI will provide the Bank with a fiscal year-end financial statement each year, which is December 31st.

RURBANC DATA SERVICES, INC.

DATED:

BY:

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

FOR OFFICE USE ONLY

DATE
INSTALLED: ______________________
____
DATE INVOICED:

Data Processing Agreement
Addendum F19 - Delinquent Child Support System

The provisions of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (Welfare Reform) require reporting of deposit accounts to the state agencies responsible for collecting delinquent child support payments. There modules provide a quick and easy method for reporting to state agencies.

FEES	Per Month
RDS1 Monthly Fee	$.0015/total accounts/Deposits & Loans
RDSI Monthly Minimum	$25.00/month
RDS1 Installation Fee	$250.00

===

Early Termination Agreement: Waived [_] Date: ____________
This Addendum has been licensed from ITI, based on a Three (3) Year Term. This directly determines the price as quoted in this Addendum. In the event that the Bank terminates this Addendum Agreement prior to the expiration date (which is 36 months from the date found on the bottom of this page), the following formula will be used to calculate the early termination charge to be assessed to the Bank.

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RURBANC DATA SERVICES, INC.

DATED:

BY:

TITLE: Executive Vice President

Macatawa Bank
Holland, MI

BY:

TITLE:

- ---
FOR OFFICE USE ONLY
- -------------------
DATE INSTALLED: __________________
DATE INVOICED: ___________________
DATE INSTALLATION
FEE INVOICED: ____________________
- ---

EXHIBIT 13

Selected Consolidated Financial Data

The following selected consolidated financial and other data are derived from the Company's Financial Statements and should be read with the Consolidated Financial Statements and Notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Consolidated Balance Sheet as of December 31, 2000 and 1999, and the Consolidated Statement of Income for the years ended December 31, 2000, 1999, and 1998, are included elsewhere in this Annual Report.

(Dollars in thousands, except share and per share data)

<TABLE>
<CAPTION>

	At or For the Year Ended December 31		
	2000	1999	1998
<S>	<C>	<C>	<C>
Financial Condition			
Total assets	$ 499,813	$ 344,921	$ 189,229
Loans	410,676	285,374	137,882
Deposits	398,617	279,390	166,989
Securities	48,669	28,281	27,007
Shareholder's equity	38,128	34,526	19,611
Share Information			
Basic and diluted earnings/(loss) per common share	$ .93	.22	$ (1.22)
Book value per common share	10.62	9.62	8.05
Weighted average common and potential dilutive shares outstanding	3,602,962	3,122,937	2,041,920
Shares outstanding at end of period	3,589,315	3,588,565	2,435,125
Operations			
Interest income	$ 34,338	$ 20,000	$ 6,804
Interest expense	17,738	9,428	3,190
Net interest income	16,600	10,572	3,614
Provision for loan losses	1,931	1,967	2,023
Net interest income after provision for loan losses	14,669	8,605	1,591
Total noninterest income	2,051	1,528	683
Total noninterest expense	12,672	9,440	4,763
Income/(loss) before tax	4,048	693	(2,489)
Federal income tax	699	--	--
Net income/(loss)	$ 3,349	$ 693	$ (2,489)
Performance Ratios			
Return on average equity	9.31%	2.43%	(15.15)%
Return on average assets	0.80%	0.26%	(2.91)%
Yield on average interest-earning assets	8.84%	8.27%	7.93%
Cost on average interest-bearing liabilities	5.20%	4.51%	4.77%
Average net interest spread	3.64%	3.76%	3.16%
Average net interest margin	4.27%	4.37%	4.21%
Capital Ratios			
Equity to assets	7.63%	10.01%	10.36%
Total risk-based capital ratio	10.36%	14.00%	12.40%
Credit Quality Ratios			
Allowance for loan losses to total loans	1.43%	1.40%	1.47%
Nonperforming assets to total assets	0.04%	0.03%	0.00%
Net charge-offs to average loans	0.02%	0.00%	0.00%

</TABLE>

Quarterly Financial Data (unaudited)

A summary of selected quarterly results of operations for the years ended December 31 follows:

<TABLE>
<CAPTION>

	Three Months Ended			
	March 31	June 30	September 30	December 31
<S>	<C>	<C>	<C>	<C>
2000				
Interest income	$7,105,931	$8,367,591	$9,026,075	$9,838,229

Net interest income	3,537,225	4,079,025	4,318,391	4,664,785
Provision for loan losses	487,000	595,000	434,000	415,000
Income before income tax expense	526,613	823,324	1,119,283	1,578,549
Net income	526,613	823,324	947,116	1,051,453
Net income per share				
Basic	.15	.23	.26	.29
Diluted	.15	.23	.26	.29
1999				
Interest income	$3,635,152	$4,663,222	$5,475,441	$6,226,884
Net interest income	1,883,465	2,471,316	2,925,651	3,292,131
Provision for loan losses	450,000	545,000	505,000	467,000
Income (loss) before income tax expense	(77,110)	44,116	301,171	425,089
Net income (loss)	(77,110)	44,116	301,171	425,089
Net income (loss) per share				
Basic	(.03)	.02	.08	.12
Diluted	(.03)	.02	.08	.12

</TABLE>

Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis of financial condition and results of operations contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those projected in such forward-looking statements.

The following section presents additional information to assess the financial condition and results of operations of the Company and the Bank. This section should be read in conjunction with the consolidated financial statements and the supplemental financial data contained elsewhere in this Annual Report.

Overview

Macatawa Bank Corporation (the "Company") is a Michigan corporation and is the bank holding company for Macatawa Bank (the "Bank"). The Bank commenced operations on November 25, 1997. The Bank is a Michigan chartered bank with depository accounts insured by the Federal Deposit Insurance Corporation. The Bank provides a full range of commercial and consumer banking services, through its network of 13 full service branches located in communities in Ottawa county, northern Allegan county and southwestern Kent county.

The Company has experienced rapid and substantial growth since opening in November 1997. At December 31, 2000, the Bank had thirteen branch banking offices, and two service facilities. The Company completed an underwritten initial public offering of common stock on April 7, 1998, resulting in net proceeds of $14.1 million. In June 1999, the Company completed an offering of common stock to its shareholders resulting in net proceeds of $14.6 million.

The Bank established a Trust Department in the fourth quarter of 1998 to further provide for customers' financial needs. The Trust Department began business on January 3, 1999 and as of December 31, 2000, had assets of approximately $274 million compared to approximately $183 million at December 31, 1999.

Financial Condition

Summary.

Total assets of the Company increased to $499.8 million at December 31, 2000 from $344.9 million at December 31, 1999, an increase of $154.9 million or 44.9%. We believe the strong asset growth reflects the acceptance of our community banking philosophy in the growing communities we serve. Asset growth consists primarily of growth in the loan portfolio as the Bank continues to attract new loan customers despite the strong competition from other local community banks and larger regional banks. The increase in total assets was principally funded by strong deposit growth and the use of borrowed funds. Total deposits grew $119.2 million or 42.7% to $398.6 million at December 31, 2000, compared to $279.4 million at December 31, 1999. We attribute the strong deposit growth to quality customer service, convenient and accessible branch locations and the desire of customers to bank with a locally operated community institution. We anticipate continued growth in total assets, due in part to the consolidation of local competitors into large out-of-state regional banks, as well as continued economic growth, and capturing additional market share.

Cash and Cash Equivalents.

Cash and cash equivalents, which include federal funds sold and short-term investments, increased $5.7 million or 27.7% to $26.3 million at December 31, 2000, from $20.6 million at December 31, 1999. The increase is a result of higher levels of customer deposit activity at year-end, which is subsequently processed through the Banks' correspondent banks. Higher balances were required to cover both uncollected funds deposited in the Bank's correspondent bank accounts, as well as higher account balances to compensate for activity service fees.

Securities.

Securities are purchased and classified as "available for sale". The securities may be sold to meet the Bank's liquidity needs. The primary objective of the Bank's investing activities is to provide for the safety of the principal invested. Secondary considerations include earnings, liquidity and overall exposure to changes in interest rates. Securities available for sale increased $20.4 million or 72.1% to $48.7 million at December 31, 2000 from $28.3 million at December 31, 1999. The Bank increased its portfolio during 2000 to support the overall growth in deposits.

Securities Available for Sale Portfolio
(Dollars in thousands)

	Year Ended December 31	
	2000	1999
U. S. Treasury and U.S. Government Agencies	$45,991	$27,337
Michigan municipal bonds	2,678	944
	$48,669	$28,281

Excluding those holdings of the investment portfolio in U.S. Treasury and U.S. Government Agency Securities, there were no investments in securities of any one issuer which exceeded 10% of shareholders' equity.

Schedule of Maturities of Investment Securities and Weighted Average Yields. The following is a schedule of maturities and their weighted average yield of each category of investment securities as of December 31, 2000.

(Dollars in thousands)

<TABLE>
<CAPTION>

	Due Within One Year		One to Five Years		Five to Ten Years		After Ten Years		Investments With No Contractual Maturity	
	Estimated Market Value	Average Yield	Estimated Market Value	Average Yield	Estimated Market Value	Average Yield	Estimated Market Value	Average Yield	Estimated Market Value	Average Yield
Available for Sale:										
U.S. Treasury and U.S. Government Agencies	$13,974	6.11%	$32,017	6.33%	-	-	-	-	-	-
Tax-exempt MI municipal bonds	-	-	-	-	430	4.96%	2,248	5.27%	-	-
Total	$13,974	6.11%	$32,017	6.33%	$430	4.96%	$2,248	5.27%	-	-

</TABLE>

Loan Portfolio

The majority of loans are made to businesses in the form of commercial loans and real estate mortgages. Commercial loans increased $92.1 million or 45.9% from $201.4 million at December 31, 1999, to $293.5 million at December 31, 2000. Commercial loans accounted for approximately 71% of the Bank's total loan portfolio at year-end for both 2000 and 1999. The Bank's residential mortgage loan portfolio comprises approximately 15% of total loans. However, residential loan origination volume is significantly higher, with only a small portion of these loans retained for the Bank's own portfolio. The Bank sells the majority of it's fixed-rate obligations and does not retain servicing. The Bank originated $91.5 million in residential mortgages in 2000 and $105 million in 1999. The higher overall interest levels experienced during most of 2000 resulted in lower levels of residential refinancing, and as a result, lower overall loan originations as compared to 1999. The Bank's consumer loan portfolio includes both loans secured by personal property, as well as home equity fixed term and line of credit loans. Home equity loans totaled $33.5 million at December 31, 2000, compared to $22.1 million at December 31, 1999. Approximately 89% of the Bank's equity loans are underwritten at terms of a loan to value ratio of less than 90%, and are considered well collateralized.

Loan Portfolio Composition
(Dollars in thousands)

	Year Ended December 31			
	2000		1999	
	Amount	%	Amount	%
Commercial real estate	$ 79,444	19%	$ 54,160	19%
Residential real estate	60,822	15%	44,734	15%
Other commercial	214,098	52	147,232	52%
Consumer	56,312	14%	39,248	14%
Total loans	$ 410,676	100%	$ 285,374	100%
Less:				
Allowance for loan losses	(5,854)		(3,995)	
Total loans receivable, net	$ 404,822		$ 281,379	

Maturities and Sensitivities of Loans to Changes in Interest Rates.
The following table shows the amount of total loans outstanding as of December 31, 2000 which, based on remaining scheduled repayments of principal, are due in the periods indicated.

(Dollars in thousands)

<TABLE>
<CAPTION>

	Maturing			
		After One, But		
	Within One Year	Within Five Years	After Five Years	Total
<S>	<C>	<C>	<C>	<C>
Commercial real estate	$ 10,808	$ 64,843	$ 3,793	$ 79,444
Residential real estate	6,342	11,170	43,310	60,822
Other commercial	114,417	94,673	5,008	214,098
Consumer	7,310	32,230	16,772	56,312
Totals	$ 138,877	$ 202,916	$ 68,883	410,676
Allowance for loan losses				(5,854)
Total loans receivable, net				$ 404,822

</TABLE>

Below is a schedule of the loan amounts maturing or repricing which are classified according to their sensitivity to changes in interest rates.

Interest Sensitivity
(Dollars in thousands)

<TABLE>
<CAPTION>

	Fixed Rate	Variable Rate	Total
<S>	<C>	<C>	<C>
Due within 3 months	$ 19,219	$ 157,259	$ 176,478
Due after 3 months, but within 1 year	34,994	715	35,709
Due after one but within five years	148,603	21,528	170,131
Due after five years	25,344	3,014	28,358
Total	$ 228,160	$ 182,516	410,676
Allowance for loan losses			(5,854)

Total loans receivable, net	$ 404,822

</TABLE>

Nonperforming Assets.
Nonperforming loans includes loans on non-accrual, restructured loans, as well as loans delinquent more than 90 days, but still accruing. Total nonperforming loans as of December 31, 2000 totaled $196,000, compared to $101,000 at December 31, 1999. Loan performance is reviewed regularly by external loan review specialists, loan officers, and senior management. When reasonable doubt exists concerning collectibility of interest or principal, the loan will be placed in non-accrual status. Any interest previously accrued but not collected at that time will be reversed and charged against current earnings. As of December 31, 2000 there were no other interest bearing assets which required classification. Management is not aware of any recommendations by regulatory agencies, which, if implemented, would have a material impact on the Bank's liquidity, capital or operations.

Loan Loss Experience
The following is a summary of loan balances at the end of 1each period and their daily average balances, changes in the allowance for possible loan losses arising from loans charged-off and recoveries on loans previously charged-off, and additions to the allowance which have been expensed.

(Dollars in thousands)

<TABLE>
<CAPTION>

	December 31		
	2000	1999	1998
<S>	<C>	<C>	<C>
Loans:			
Average daily balance of loans for the year	$ 347,351	$ 213,472	$ 160,299
Amount of loans outstanding at end of period	410,676	285,374	137,882
Allowance for loan losses:			
Balance at beginning of year	3,995	2,030	7
Addition to allowance charged to operations	1,931	1,967	2,023
Loans charged-off	(87)	(6)	-
Recoveries	15	4	-
Balance at end of year	$ 5,854	$ 3,995	$ 12,030
Ratios:			
Net charge-offs to average loans outstanding	.02%	-	-
Allowance for loan losses to loans outstanding at year end	1.43%	1.40%	1.47%

</TABLE>

Allowance for Loan Losses
The allowance for loan losses as of December 31, 2000, was $5.9 million, representing approximately 1.43% of total loans outstanding, compared to $4.0 million at December 31, 1999, or 1.40% of total loans outstanding. The Bank has not experienced any material credit losses in the three years of operations ended December 31, 2000. The allowance for loan losses is maintained at a level management considers appropriate based upon its assessment of relevant circumstances. Management prepares a quarterly evaluation of the allowance for loan losses. The analysis is based upon a continuous review of the Bank's loan portfolio, the Bank's and industry's historical loan loss experience, known and inherent risks included in the loan portfolio, composition of loans, growth of the portfolio, and current economic conditions. As part of the analysis, management assigns a portion of the allowance to the entire portfolio by loan type and loan grade, and to specific credits that have been identified as problem loans, and also reviews past loss experience. The local economy and particular concentrations are considered, as well as a number of other factors. While the commercial loan portfolio has performed very well during the Bank's first three years of existence, the allowance does reflect a higher percentage allocation against that portfolio due to management's assessment of inherently higher risks in commercial lending. By their very nature, loans are generally of higher dollar amounts; industries financed and collateral taken can be extremely varied, requiring more detail and in depth underwriting; and the underlying companies' abilities to repay their obligations may be more dramatically affected by overall economic conditions.

Allocation of the Allowance for Loan Losses
(Dollars in thousands)

<TABLE>
<CAPTION>

	Year Ended December 31					
	2000		1999		1998	
<S>	<C>	<C> % of Each	<C>	<C> % of Each	<C>	<C> % of Each

	Allowance Amount	Category to Total Loans	Allowance Amount	Category to Total Loans	Allowance Amount	Category to Total Loans
Commercial	$3,902	71.5%	$2,784	70.6%	$1,422	69.4%
Real estate mortgages	176	14.8%	112	15.7%	57	16.3%
Consumer	435	13.7%	297	13.7%	165	14.3%
Unallocated	1,341	-	802	-	386	-
Total	$5,854	100.0%	$3,995	100.0%	$2,030	100.0%

</TABLE>

The above allocations are not intended to imply limitations on usage of the allowance. The entire allowance is available for any loan losses without regard to loan type.

Premises and Equipment.
Bank premises and equipment increased $2.3 million to $12.3 million at December 31, 2000 compared to $10.0 million at December 31, 1999. The increase resulted primarily from the purchase of a previously leased branch facility, as well as the construction of a full service branch to replace a temporary storefront branch. Additionally, the Bank invested in an item processing imaging system that efficiently captures check images as items are processed. This allows electronic retrieval of check images by bank staff today, and in the future will enable the Bank to provide images to customers through on-line inquiries.

Deposits
Deposits are gathered from the communities we serve through our network of 13 branches. The Bank offers business and consumer checking accounts, regular and money market savings accounts, and certificates of deposits having many options in their terms.

Total deposits increased by $119.2 million to $398.6 million at December 31, 2000, compared to $279.4 million at December 31, 1999. The increase was primarily as a result of deposits being obtained from new customers of the Bank. Noninterest bearing demand accounts comprise approximately 13% of total deposits, comparable to their percentage of total deposits in 1999 and 1998. Savings accounts, including Money Market savings and NOW accounts comprised approximately 48% of total deposits, a decrease from 54% in 1999 and 58% in 1998. Time accounts increased as a percent of total deposits to 39% at December 31, 2000, compared to 33% at the end of 1999 and 29% at the end of 1998. We attribute the growth in time accounts to competitive pricing to maintain current customer accounts, together with attracting new customers and new funds. The Bank sets its deposit pricing to be competitive with other banks in its market area, without being the price leader. This has enabled the Bank to increase deposits from new, as well as existing customers, while maintaining a stable net interest margin. The Bank periodically purchases brokered deposits to supplement funding needs. These are Time accounts originated outside the Bank's local market area. Brokered deposits comprised approximately 4% of total deposits at December 31, 2000, compared to approximately 2% at prior year-end.

Average Daily Deposits
The following table sets forth the average deposit balances and the weighted average rates paid thereon.

<TABLE>
<CAPTION>
(Dollars in thousands)

	Average for the Year					
	2000		1999		1998	
	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Noninterest bearing demand	$ 39,946	-	$ 27,186	-	$ 8,991	-
NOW accounts	45,246	2.6%	29,721	2.6%	10,420	3.0%
MMDA/savings	131,069	4.7%	97,849	4.2%	35,743	4.7%
Time	123,756	6.4%	68,629	5.5%	20,899	5.7%
Total deposits	$ 340,017	4.5%	$223,385	3.9%	$ 76,053	4.2%

</TABLE>

Maturity Distribution of Time Deposits of $100,000 or More

The following table summarizes time deposits in amounts of $100,000 or more by time remaining until maturity as of December 31, 2000:

(Dollars in thousands)

	Amount
Three months or less	$ 31,280
Over 3 months through 6 months	14,345

Over 6 months through 1 year	18,191
Over 1 year	20,039
	$ 83,855

The Bank operates in a very competitive environment, competing with other local banks similar in size and with significantly larger regional banks. Management monitors rates at other financial institutions in the area to ascertain that its rates are competitive with the market. Management also attempts to offer a wide variety of products to meet the needs of its customers.

Borrowed Funds.
Borrowed funds increased $31.2 million or 104% to $61.2 million at December 31, 2000, compared to $30.0 million at December 31, 1999. Borrowed funds consist principally of advances from the Federal Home Loan Bank. These advances are utilized to fund loan growth in excess of deposit growth. Borrowed funds also includes federal funds purchased, which are utilized to settle the Banks daily cash letter position with its correspondent banks. Additionally, the Company secured a $5 million credit facility in September of 2000. As of December 31, 2000, $4 million has been advanced to provide additional capital to the Bank to maintain regulatory capital levels at well capitalized level.

Retained Earnings.
The Company had retained earnings of $1,136,000 as of December 31, 2000, compared to a retained earnings deficit of ($1,961,000) at December 31, 1999. The retained deficit at the end of 1999 was primarily the result of startup losses for two months of 1997, and the full year 1998. These initial year losses included normal operating expenses, loan loss provision on a new and rapidly growing loan portfolio, and costs associated with expanding the branch network. Management believes that the expenditures made in 1997 and 1998 created the infrastructure and laid the foundation for future growth and profitability in subsequent years. The Company had net income of $693,000 in 1999 and $3.35 million in 2000. The Company also paid out cash dividends totaling $251,000 during the period ended December 31, 2000. There were no dividends paid out during either the 1999 or the 1998 period.

Results of Operations

Summary of Results.
Net income for 2000 totaled $3.35 million compared to 1999 net income of $693,000 and a 1998 net loss of $2.49 million. The increase in income is due to the continued growth of the customer base and respective loan and deposit portfolios, driving increased net interest income. The following table summarizes net income and key performance measures for the three years presented.

Performance Ratios

(Dollars in thousands, except of per share data)

	Year Ended December 31		
	2000	1999	1998
Net income (loss)	$ 3,349	$ 693	$ (2,489)
Basic and diluted earnings (loss) per share	.93	.22	(1.22)
Earnings (loss) ratios:			
Return on average assets	.80%	.26%	(2.91%)
Return on average equity	9.31%	2.43%	(15.15%)
Average equity to average assets	8.63%	10.86%	19.59%
Dividend payout ratio	7.53%	N/A	N/A

Net income for the year ended December 31, 2000 improved dramatically over 1999 as a result of improved net interest income. Continued strong growth in loans is primarily responsible for the increases in net interest income. Net interest income increased by $6.0 million or 56.6% to $16.6 million in 2000 compared to $10.6 million in 1999.

Noninterest income totaled $2.1 million for 2000, as compared to $1.5 million for 1999, and $683,000 for 1998. Noninterest expense totaled $12.7 million for 2000, as compared to $9.4 million for 1999, and $4.8 million for 1998. The Company became fully taxable during 2000, after utilizing all tax loss carry forwards from 1998 and 1997. Federal income tax expense totaled $699,000 for 2000, whereas both 1999 and 1998 did not include a provision for tax expense. The Company expects the effective federal tax rate for future years will be 34%, with a marginal rate of approximately 33.5% due to tax-free investments.

Analysis of Net Interest Income
The following schedule presents, for the periods indicated, information regarding: (i) the total dollar amount of interest income from average earning

assets and the resultant average yields; (ii) the total dollar amount of interest expense on average interest-bearing liabilities and the resultant average cost; (iii) net interest income; (iv) interest rate spread; and (v) net yield on average earning assets.

(Dollars in thousands)

<TABLE>
<CAPTION>

	Year Ended December 31								
	2000			1999			1998		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Earning Assets									
Taxable securities	$ 35,459	$ 2,166	6.11%	$ 221,444	$ 1,226	5.71%	$ 16,471	$ 986	5.99%
Tax-exempt securities	1,639	86	5.25%	172	9	5.23%	-	-	-
Loans	347,351	31,788	9.15%	213,472	18,379	8.61%	60,299	5,340	8.85%
Fed funds sold	1,616	99	6.13%	4,166	204	4.90%	8,421	446	5.30%
Short term investments	169	6	3.55%	1,132	56	4.95%	605	32	5.29%
Federal Home Loan Bank Stock	2,332	193	8.28%	1,593	127	7.97%	-	-	-
Total earning assets	388,566	34,338	8.84%	241,979	20,001	8.27%	85,796	6,804	7.93%
Interest Bearing Liabilities									
NOWs and MMDAs	159,419	6,655	4.17%	116,914	4,548	3.89%	43,336	1,915	4.42%
Savings	9,222	177	1.92%	6,123	117	1.91%	2,153	43	2.00%
IRAs	7,674	465	6.06%	4,533	247	5.45%	1,096	64	5.84%
Time deposits	123,756	7,916	6.40%	68,629	3,787	5.52%	20,304	1,164	5.73%
Fed Funds purchased	2,022	131	6.48%	695	37	5.32%	78	4	5.13%
Other borrowings	38,850	2,394	6.16%	12,126	692	5.71%	-	-	-
Total interest bearing liabilities	340,943	17,738	5.20%	209,020	9,428	4.51%	66,967	3,190	4.77%
Net interest/spread		$ 16,600	3.64%		$ 10,573	3.76%		$ 3,614	3.16%
Margin			4.27%			4.37%			4.21%

</TABLE>

Net interest margin was 4.27% for full year 2000, a slight decrease from 1999 net interest margin of 4.37%. Net interest margin for 1998 was 4.21%. Net interest spread, which is the difference between interest earning assets and interest bearing liabilities, was 3.64% for 2000, as compared to 3.76% for 1999, and 3.16% for 1998. The decrease in net interest spread reflected the cost of interest-bearing liabilities rising slightly faster than the yield of interest earning assets during 2000. The increasing cost reflects the impact of the portfolio shifting to a higher mix of time accounts. Time accounts, with a weighted average cost of 6.40% during 2000, comprised approximately 39% of interest-bearing liabilities at December 31, 2000, as compared to approximately 33% at the end of 1999, and 29% at the end of 1998. The average cost of time accounts was 5.52% during 1999, while the 1998 cost was 5.73%.

Rate/Volume Analysis of Net Interest Income
The following schedule presents the dollar amount of changes in interest income and interest expense for major components of earning assets and interest-bearing liabilities, distinguishing between changes related to outstanding balances and changes due to interest rates.

(Dollars in thousands)

<TABLE>
<CAPTION>

	Year Ended December 31					
	2000 vs 1999			1999 vs 1998		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Volume	Rate	Total	Volume	Rate	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest Income						
Taxable securities	$ 851	$ 89	$ 940	$ 286	$ (47)	$ 239
Tax-exempt securities	77	-	77	9	-	9
Loans	12,186	1,223	13,409	13,192	(152)	13,040
Fed funds sold	(147)	42	(105)	(211)	(31)	(242)
Short term investments	(38)	(12)	(50)	26	(2)	24
FHLB stock	61	5	66	127	-	127
Total interest income	$ 12,990	$ 1,347	$ 14,337	$ 13,429	$ (232)	$ 13,197
Interest Expense						
NOWs and MMDAs	$ 1,754	$ 353	$ 2,107	$ 2,888	$ (255)	$ 2,633
Savings	59	1	60	76	(2)	74
IRAs	188	30	218	188	(5)	183
Time deposits	3,446	683	4,129	2,668	(45)	2,623
Fed funds purchased	84	10	94	33	-	33
Other borrowings	1,643	59	1,702	692	-	692
Total interest expense	7,174	1,136	8,310	6,545	(307)	6,238
Net interest income	$ 5,816	$ 211	$ 6,027	$ 6,884	$ 75	$ 6,959

</TABLE>

Composition of Average Earning Assets and Interest Paying Liabilities
(Dollars in thousands)

<TABLE>
<CAPTION>

	Year Ended December 31		
	2000	1999	1998
<S>	<C>	<C>	<C>
As a Percent of Average Earning Assets			
Loans	89.39%	80.22%	70.28%
Other earning assets	10.61%	11.78%	29.72%
Average earning assets	$ 388,566	$ 241,979	$ 85,797
As a Percent of Average Interest Bearing Liabilities			
Savings, MMS, IRA, and NOW accounts	51.71%	61.03%	68.76%
Time deposits	36.30%	32.83%	31.13%
Other borrowings	11.99%	6.14%	0.11%
Average Interest Bearing Liabilities	$ 340,943	$ 209,021	$ 67,141
Earning asset ratio	1.14%	1.16%	1.28%

</TABLE>

Provision for Loan Losses
The provision for loan losses is the amount added to the allowance for loan losses to absorb probable loan losses. The amount of the provision is determined by management, in its judgment, after reviewing the risk characteristics of the loan portfolio, the Bank's and industry's historical loan loss experience, known and inherent risks included in both originated loans and the portfolio, and current economic conditions. The provision for loan losses for the year 2000 totaled $1.9 million, approximately the same as the $2.0 million provision in both 1999 and 1998. While the Bank has not sustained any significant losses in its loan portfolio, management considers it prudent during the first years of operations to provide for loan losses at a level which is consistent with levels maintained by banks with similar loan portfolios. Management will continue to monitor its loan loss performance and adjust its loan loss reserve to more closely align itself to its own history of loss experience.

Noninterest Income
Noninterest income totaled $2.1 million in 2000, an increase of 40% over 1999

noninterest income of $1.5 million. Non-interest income for 1998 totaled $683,000. Deposit service charges increased by $483,000, or 73% during 2000 compared to 1999. The growth in service charge income reflects the significant growth in the Bank's customer base. Trust revenues totaled $531,000 for 2000, an increase of $303,000 or 133% over 1999 trust revenue of $228,000. 1999 was the first year of operations for the Bank's Trust Department. We expect trust fee income to continue to increase, as the amount of trust assets under management increases. Gain on sale of loans declined $263,000 for the year 2000 to $361,000. The higher overall level of interest rates reduced the mortgage loans the Bank originated during 2000 compared to 1999, and resulted in fewer loans sold in the secondary market. The following table details major components of noninterest income for the years of 2000, 1999, and 1998.

Noninterest Income
(Dollars in thousands)

	Year Ended December 31		
	2000	1999	1998
Deposit service charges	$ 1,144	$ 661	$ 157
Net gains on asset sales:			
Loans	361	624	521
Securities	-	-	-
Trust fees	531	228	-
Other	16	15	5
Total noninterest income	$ 2,052	$ 1,528	$ 683

Net Gains on the Sale of Residential Real Estate Mortgage Loans
(Dollars in thousands)

<TABLE>
<CAPTION>

<S>	Year Ended December 31 <C> 2000	<C> 1999	<C> 1998
Real estate mortgage loan originated for sale	$ 47,007	$ 54,715	$ 44,146
Real estate mortgage loan sales	$ 47,368	$ 55,339	$ 44,667
Net gains on the sale of real estate mortgage loans	361	624	521
Net gains as a percent of real estate mortgage loan sales	0.76%	1.13%	1.17%

</TABLE>

The Bank sells the majority of its fixed-rate obligations. Such loans are sold and the Bank does not retain servicing rights.

Noninterest Expense
Noninterest expense for 2000 was $12.7 million, compared to $9.4 million for 1999, and $4.8 million for 1998. The main components of noninterest expense were salaries and benefits, and occupancy and equipment expense. These items comprised approximately 73% of noninterest expenses for 2000, down slightly from approximately 74% for 1999 non-interest expense. Increases in both salary/benefit and occupancy/equipment expenses are primarily due to full year impact of five new branches, and related staffing, added in the last half of 1999. Other expense increases related to the expanded branch structure included courier services, data processing, advertising, professional service fees, postage, and telephone. The Company also became fully taxable for the Michigan Single Business Tax during 2000. This new expense was the single largest increase of expenses included in other operating expenses. SBT expense totaled $231,000 for the year 2000. Total noninterest expense for 1999 was an increase of $4.7 million, over 1998, reflecting the full year impact of six branches which were opened throughout 1998. The following table details major components of noninterest expense for the years of 2000, 1999, and 1998.

Noninterest Expense
(Dollars in thousands)

	Year Ended December 31		
	2000	1999	1998
Salaries and employee benefits	$ 6,865	$ 5,408	$ 2,726
Occupancy and equipment	1,094	841	305
Furniture and equipment expense	1,244	777	253
Legal and professional fees	248	135	199
Advertising	366	267	199
Supplies	348	343	233
Data processing fees	561	401	197
Other operating expenses	1,946	1,268	651
Total noninterest expense	$ 12,672	$ 9,440	$ 4,763

Liquidity and Capital Resources

Equity Capital

The Company obtained its initial equity capital as a result of a private placement on behalf of the Bank to investors in November, 1997. The Company raised additional equity capital of $14.1 million in its initial public offering completed in April 1998. As a condition to regulatory approval of the Bank's formation, the Bank was required to maintain capitalization sufficient to provide a ratio of Tier 1 Capital to total assets of at least 8% through its third year of operations, which ended in November of 2000. Due to the rapid growth of the Bank, additional equity capital was required during 1999. In June 1999, the Company raised $14.6 million of equity capital net proceeds in an offering made to the Company's shareholders. The Company contributed $10.0 million from the proceeds of this offering to the Bank's capital, raising the Bank's Tier 1 Capital as a percent of total assets to 10.83% at June 30, 1999. At December 31, 1999, this ratio decreased to 8.59%, due to asset growth. The continuing asset growth required the Company to contribute an additional $8 million of capital to the Bank during 2000. The contributed capital came from the Company's cash reserves, as well as from borrowings arranged to provide capital flexibility. At December 31, 2000, the Bank's Tier 1 Capital was 8.90%.

The Company secured a $5 million credit facility during September 2000, to provide additional capital required to maintain the Bank at or above required regulatory capital levels. Based on continued projected asset growth, management anticipates additional capital will be required during the first half of 2001. Management will evaluate alternatives available to effectively increase capital levels such as the sale of common stock or other securities. The Company has drawn $4.0 million on the line of credit as of the end of December 2000, which was contributed to the capital of the Bank.

The following table shows various capital ratios as of December 31, 2000.

Capital Resources
(Dollar in thousands)

<TABLE>
<CAPTION>

	Tier 1 Leverage Ratio	Tier 1 Capital Ratio	Total Risk-Based Capital Ratio
<S>	<C>	<C>	<C>
Minimum regulatory requirement for capital adequacy	4.0%	4.0%	8.0%
Well capitalized regulatory level	5.0%	6.0%	10.0%
Consolidated	8.2%	9.1%	10.4%
Bank	8.9%	9.9%	11.1%

</TABLE>

The following table shows the amounts by which the Company's capital (on a consolidated basis) exceeds current regulatory requirements on a dollar amount basis:

Capital balances at December 31, 2000
(Dollar in thousands)

	Tier 1 Leverage	Tier 1 Capital	Total Risk-Based Capital
Required regulatory capital	$ 18,630	$ 16,849	$ 33,698
Capital in excess of regulatory minimums	19,749	21,530	9,946
Actual capital balances	$ 38,379	$ 38,379	$ 43,644

The liquidity of a financial institution reflects its ability to provide funds to meet loan requests, to accommodate possible outflows of deposits and to take advantage of interest rate market opportunities. The Company's sources of liquidity include loan payments by borrowers, maturity and sales of securities available for sale, growth of deposits and deposit equivalents, federal funds sold, borrowings from the Federal Home Loan Bank, and the issuance of common stock. Liquidity management involves the ability to meet the cash flow requirements of the Company's customers. These customers may be either borrowers with credit needs or depositors wanting to withdraw funds.

Asset Liability Management and Market Risk Analysis

Asset liability management aids the Company in maintaining liquidity while maintaining a balance between interest earning assets and interest bearing liabilities. Management of interest rate sensitivity attempts to avoid widely varying net interest margins and to achieve consistent net interest income through periods of changing interest rates. Certain savings accounts and interest bearing checking accounts are shown as repricing, other than contractually, due to the stability of these products in a rate changing environment. Management monitors the Company's exposure to interest rate changes using a GAP analysis. The following table illustrates the Company's GAP position at various intervals (in thousands of dollars) at December 31, 2000.

<TABLE>
<CAPTION>
Static Gap Analysis
(Dollars in thousands)

<S>	0 to 3 Months <C>	4 to 12 Months <C>	1 to 5 Years <C>	Over 5 Years <C>	Total <C>
Assets:					
Loans-fixed	$ 19,219	$ 34,994	$ 148,603	$ 25,344	$ 228,160
Loans-variable	157,259	715	21,528	3,014	182,516
Taxable securities	1,996	11,978	32,016	-	45,990
Tax exempt securities	-	-	-	2,678	2,678
Other securities	-	-	-	2,550	2,550
Loan loss reserve	-	-	-	-	(5,854)
Cash & due from banks	-	-	-	-	26,305
Fixed assets	-	-	-	-	12,264
Other assets	-	-	-	-	5,204
Total assets	$ 178,474	$ 47,687	$ 202,147	$ 33,586	$ 499,813
Liabilities:					
Time deposits	$ 42,591	$ 60,896	$ 51,434	$ 33,58-	$ 154,921
Savings	2,637	-	7,912	-	10,549
Other interest bearing deposits	96,156	-	86,245	-	182,401
Other borrowings	10,200	-	20,000	31,000	61,200
Noninterest bearing deposits	-	-	-	-	50,746
Other liabilities & equity	-	-	-	-	39,996
Total liabilities & equity	$ 151,584	$ 60,896	$ 165,591	$ 31,000	$ 499,813
Period gap	$ 26,890	$ (13,209)	$ 36,556	$ 2,586	-
Cumulative gap	$ 26,890	$ 13,681	$ 50,237	$ 52,823	-
Cumulative gap/total assets	5.38%	2.74%	10.05%	10.57%	-

</TABLE>

The above table shows that total assets maturing or repricing within one year exceeds liabilities maturing within one year by $14 million. However, the repricing and cash flows of certain categories of assets and liabilities are subject to competitive and other influences that are beyond the control of the Company. As a result, certain assets and liabilities indicated as maturing or repricing within a stated period may, in fact, mature or reprice in other periods or at different volumes. Based on this analysis, management does not believe the Company would be materially impacted by changes in interest rates.

Recent Regulatory Developments

Recently enacted federal legislation (the Gramm-Leach-Bliley Act of 1999) eliminates many federal and state law barriers to affiliations among banks and other financial services providers. The legislation, which took effect March 11, 2000, establishes a statutory framework pursuant to which full affiliations can occur between banks and securities firms, insurance companies, and other financial companies. The legislation provides some degree of flexibility in structuring these new affiliations, although certain activities may only be conducted through a holding company structure. The legislation preserves the role of the Board of Governors of the Federal Reserve System as the umbrella supervisor for holding companies, but incorporates a system of functional regulation pursuant to which the various federal and state financial supervisors will continue to regulate the activities traditionally within their jurisdictions. The legislation specifies that banks may not participate in the new affiliations unless they are well-capitalized, well-managed and maintain a rating under the Community Reinvestment Act of 1977 of at least "satisfactory" among all affiliates.

At this time, the Company is unable to predict the impact this legislation may have on the Company.

Forward-Looking Statements

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995, and is including this statement for purposes of these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies, and expectations of the Company, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project," "may" or similar expressions. The presentation and discussion of the provision and allowance for loan losses, statements concerning future profitability or future growth or increases, are examples of inherently forward-looking statements in that they involve judgements and statements of belief as to the outcome of future events. The Company's ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on the operations and future prospects of the Company and the Bank include, but are not limited to, changes in: interest rates, general economic conditions, legislative/regulatory changes, monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board, the quality or composition of the loan or investment portfolios, demand for loan products, deposit flows, competition, demand for financial services in the Company's market area and accounting principles, policies, and guidelines. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included in the Company's filings with the Securities and Exchange Commission.

Report of Independent Auditors

Board of Directors and Shareholders Macatawa
Bank Corporation
Zeeland, Michigan

We have audited the accompanying consolidated balance sheets of Macatawa Bank Corporation as of December 31, 2000 and 1999 and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Macatawa Bank Corporation at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with generally accepted accounting principles.

Crowe, Chizek and Company LLP
Grand Rapids, Michigan
January 24, 2001

Consolidated Balance Sheets

<TABLE>
<CAPTION>

	Year Ended December 31	
	2000	1999
<S>	<C>	<C>
Assets		
Cash and due from banks	$ 26,305,310	$ 20,554,039
Securities available for sale, at fair value	48,668,507	28,281,375
Federal Home Loan Bank stock	2,550,000	2,312,000
Total loans	410,675,682	285,374,451
Allowance for loan losses	(5,853,972)	(3,995,165)
	404,821,710	281,379,286
Premises and equipment - net	12,263,903	9,997,566
Accrued interest receivable	3,270,561	1,904,126
Other assets	1,932,509	492,743
Total assets	$ 499,812,500	$ 344,921,135
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	$ 50,746,045	$ 34,384,932
Interest-bearing	347,871,072	245,004,950
Total	398,617,117	279,389,882
Federal Home Loan Bank advances	51,000,000	30,000,000
Note payable	4,000,000	-
Federal funds purchased	6,200,000	-
Accrued expenses and other liabilities	1,867,325	1,005,100

Total liabilities	461,684,442	310,394,982
Shareholders' equity		
Preferred stock, no par value, 500,000 shares authorized; no shares issued and outstanding		
Common stock, no par value, 9,500,000 shares authorized; 3,589,315 and 3,588,565 shares issued and outstanding at December 31, 2000 and 1999, respectively	36,890,416	36,882,916
Retained earnings (deficit)	1,136,444	(1,960,810)
Accumulated other comprehensive income (loss)	101,198	(395,953)
Total shareholders' equity	38,128,058	34,526,153
Total liabilities and shareholders' equity	$ 499,812,500	$ 344,921,135

</TABLE>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

<TABLE>
<CAPTION>

	Year Ended December 31		
	2000	1999	1998
<S>	<C>	<C>	<C>
Interest income			
Loans, including fees	$ 31,787,360	$ 18,379,300	$ 5,338,963
Securities			
Taxable	2,358,364	1,352,332	986,372
Tax-exempt	86,216	8,910	
Other	105,886	260,157	478,770
Total interest income	34,337,826	20,000,699	6,804,105
Interest expense			
Deposits	15,212,821	8,698,646	3,186,309
Other	2,525,579	729,490	3,928
Total interest expense	17,738,400	9,428,136	3,190,237
Net interest income	16,599,426	10,572,563	3,613,868
Provision for loan losses	(1,931,000)	(1,967,000)	(2,022,500)
Net interest income after provision for loan losses	14,668,426	8,605,563	1,591,368
Noninterest income			
Deposit service charges	1,143,535	660,920	157,109
Gain on sales of loans	361,509	623,520	520,645
Trust fees	530,726	228,588	
Other	15,901	14,970	5,628
Total noninterest income	2,051,671	1,527,998	683,382
Noninterest expense			
Salaries and benefits	6,864,909	5,408,024	2,726,885
Occupancy expense of premises	1,093,823	841,252	305,214
Furniture and equipment expense	1,244,066	777,249	253,074
Legal and professional fees	248,147	134,993	198,890
Advertising	365,759	266,917	198,826
Supplies	348,034	342,979	232,835
Data processing fees	560,702	400,591	196,665
Other expense	1,946,888	1,268,290	650,912
Total noninterest expenses	12,672,328	9,440,295	4,763,301
Income (loss) before income tax expense	4,047,769	693,266	(2,488,551)
Income tax expense	699,263	0	
Net income (loss)	$ 3,348,506	$ 693,266	$ (2,488,551)
Basic and diluted earnings (loss) per share	$ .93	$ .22	$ (1.22)

</TABLE>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

<TABLE>
<CAPTION>

	Years Ended December 31, 2000, 1999 and 1998			
	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
<S>	<C>	<C>	<C>	<C>
Balance, January 1, 1998	$ 8,137,268	$ (165,525)	$ 264	$ 7,972,007
Net loss	-	(2,488,551)	-	(2,488,551)
Other comprehensive income (loss):				
Net change in unrealized appreciation on securities available for sale, net of tax of $2,346	-	-	4,554	4,554
Comprehensive loss	-	-	-	(2,483,997)
Proceeds from sale of 1,495,000 shares of common stock on April 7, 1998	14,123,378	-	-	14,123,378
Balance, December 31, 1998	22,260,646	(2,654,076)	4,818	19,611,388
Net income	-	693,266	-	693,266
Other comprehensive income (loss):				
Net change in unrealized depreciation on securities available for sale, net of tax of ($206,457)	-	-	(400,771)	(400,771)
Comprehensive income				292,495
Proceeds from sale of 1,153,440 shares of common stock on June 4, 1999	14,622,270	-	-	14,622,270
Balance, December 31, 1999	36,882,916	(1,960,810)	(395,953)	34,526,153
Net income	-	3,348,506	-	3,348,506
Other comprehensive income (loss):				
Net change in unrealized depreciation on securities available for sale, net of tax of $256,108	-	-	497,151	497,151
Comprehensive income	-	-	-	3,845,657
Common stock issued upon exercise of stock options on November 2, 2000 (750 shares)	7,500	-	-	7,500
Cash dividends at $.07 per share	-	(251,252)	-	(251,252)

Balance, December 31, 2000	$ 36,890,416	$ 1,136,444	$ 101,198	$ 38,128,058

</TABLE>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

	Year Ended December 31		
	2000	1999	1998
Cash flows from operating activities			
Net income (loss)	$ 3,348,506	$ 693,266	$ (2,488,551)
Adjustments to reconcile net income (loss) to net cash from operating activities			
Depreciation and amortization (accretion)	1,232,386	736,691	271,458
Provision for loan losses	1,931,000	1,967,000	2,022,500
Origination of loans for sale	(47,006,979)	(54,714,982)	(44,146,300)
Proceeds from sales of loans originated for sale	47,368,488	55,338,502	44,666,945
Gain on sales of loans	(361,509)	(623,520)	(520,645)
Net change in			
Organizational costs	-	-	66,139
Accrued interest receivable and and other assets	(3,010,176)	(1,106,688)	(1,221,658)
Accrued expenses and other liabilities	810,092	582,948	588,301
Net cash from operating activities	4,311,808	2,873,217	(761,811)
Cash flows from investing activities			
Loan originations and payments, net	(125,373,424)	(147,494,026)	(137,384,556)
Purchase of FHLB stock	(238,000)	(2,312,000)	-
Activity in securities available for sale			
Purchases	(19,598,460)	(16,879,381)	(29,000,000)
Maturities	-	15,000,000	4,000,000
Additions to premises and equipment	(3,534,136)	(3,610,425)	(6,715,406)
Net cash from investing activities	(148,744,020)	(155,295,832)	(169,099,962)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	6,200,000	(2,000,000)	2,000,000
Proceeds from note payable	4,000,000	-	-
Proceeds from FHLB advances	56,000,000	51,000,000	-
Repayments on FHLB advances	(35,000,000)	(21,000,000)	-
Net increase in deposits	119,227,235	112,401,207	164,276,452
Cash dividends paid	(251,252)	-	-
Proceeds from the issuance of common stock	7,500	14,622,270	14,123,378

Net cash from financing activities	150,183,483	155,023,477	180,399,830
Net change in cash and cash equivalents	5,751,271	2,600,862	10,538,057
Beginning cash and cash equivalents	20,554,039	17,953,177	7,415,120
Ending cash and cash equivalents	$ 26,305,310	$ 20,554,039	$ 17,953,177
Supplemental disclosures of cash flow information			
Cash paid during the period for interest	$ 17,099,894	$ 9,212,595	$ 2,725,880
Income taxes	$ 1,975,000	-	-

</TABLE>

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
December 31, 2000 and 1999

Note 1 - Summary of Significant Accounting Policies
Nature of Operations
Macatawa Bank Corporation (the "Company") became the bank holding company for Macatawa Bank (the "Bank") on February 23, 1998, when all of the Bank's outstanding common stock (817,500 shares) was converted into all of the outstanding common stock of the Company (940,125 shares) and all of the Bank's shareholders became all of the Company's shareholders. The exchange ratio in the conversion was 1.15 shares of Company common stock for each share of Bank common stock. The Bank's common stock had been issued to its shareholders as of November 7, 1997 as a result of a private offering of the Bank's common stock at a price of $10 per share or a total of $8,175,000. As this was essentially an internal reorganization, the consolidated financial statements are presented by including operations of the Company and Bank for all periods presented. Further share and per share data has been adjusted for the conversion ratio of 1.15 shares of Company stock for one share of Bank stock.

Macatawa Bank Corporation is a regional, community-based financial institution, located in Zeeland, Michigan. The Bank's primary services include accepting deposits and making commercial, mortgage and installment loans in the Michigan counties of Allegan, Ottawa, and Kent. The Bank also operates a Trust Department which provides fiduciary, investment, and other related services. The Bank commenced its application process on May 21, 1997, completed its common stock sale on November 7, 1997 and opened for operations on November 25, 1997 after several months of work by incorporators and employees in preparing applications with the various regulatory agencies and obtaining insurance and building space. The costs associated with the organization of the Company are included in the 1998 income statement.

The Company completed an underwritten initial public offering of common stock on April 7, 1998, which resulted in net proceeds to the Company of $14,123,378. On April 30, 1999, the Company had another common stock offering and sold 1,153,440 shares, raising $14,622,270.

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Macatawa Bank, after elimination of intercompany accounts and transactions.

Use of Estimates
To prepare financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and future results could differ. The allowance for loan losses, and the fair values of financial instruments are particularly subject to change.

Concentration of Credit Risk
Loans are granted to, and deposits are obtained from, customers primarily in the Western Michigan area as described above. Substantially all loans are secured by specific items of collateral, including residential real estate, commercial real estate, commercial assets, and consumer assets. Other financial instruments, which potentially subject the Company to concentrations of credit risk, include deposit accounts in other financial institutions.

Cash Flow Reporting

Cash and cash equivalents include cash on hand, demand deposits with other financial institutions, and short-term securities (securities with maturities of equal to or less than 90 days and federal funds sold). Cash flows are reported net for customer loan and deposit transactions, interest-bearing time deposits with other financial institutions, and short-term borrowings with maturities of 90 days or less.

Securities

Securities available for sale consist of those securities which might be sold prior to maturity due to changes in interest rates, prepayment risks, yield and availability of alternative investments, liquidity needs or other factors. Securities classified as available for sale are reported at their fair value and the related unrealized holding gain or loss is reported in other comprehensive income.

Interest income includes amortization of purchase premium or discount. Gains and losses on sales are based on the amortized cost of the security sold. Securities are written down to fair value when a decline in fair value is not temporary.

Loans

Loans are reported at the principal balance outstanding, net of the allowance for loan losses, and charge-offs. Loans held for sale are reported at the lower of cost or market, on an aggregate basis. While the Company does sell loans on the secondary market, there were no loans held for sale at December 31, 2000 or 1999. Loans are sold servicing released, therefore no mortgage servicing right assets are established. Interest income is reported on the interest method and includes amortization of net deferred loan fees and costs over the loan term. Interest income is not reported when full loan repayment is in doubt, typically when the loan is impaired or payments are past due over 90 days (180 days for residential mortgages). Payments received on such loans are reported as principal reductions.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance, increased by the provision for loan losses and recoveries, and decreased by charge-offs. Management estimates the allowance balance required based on known and inherent risks in the portfolio, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off.

Loan impairment is reported when full payment under the loan terms is not expected. Impairment is evaluated in aggregate for smaller-balance loans of similar nature such as residential mortgage and consumer loans, and on an individual loan basis for other loans. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from collateral. Loans are evaluated for impairment when payments are delayed, typically 90 days or more, or when the internal grading system indicates a doubtful classification.

Foreclosed Assets

Assets acquired through or instead of loan foreclosure are initially recorded at fair value when acquired, establishing a new cost basis. If fair value declines, a valuation allowance is recorded through expense. Costs after acquisition are expensed. The Bank held no foreclosed assets at December 31, 2000 or 1999.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed using both straight-line and accelerated methods over the estimated useful lives of the respective assets. Maintenance, repairs, and minor alterations are charged to current operations as expenditures occur and major improvements are capitalized. These assets are reviewed for impairment under SFAS No. 121 when events indicate the carrying amount may not be recoverable.

Stock Compensation

Employee compensation expense under stock option plans is reported if options are granted below market price at grant date. Pro forma disclosures of net income and earnings per share are shown using the fair value method of SFAS No. 123 to measure expense for options granted, using an option pricing model to estimate fair value.

Income Taxes

Income tax expense is the sum of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

Fair Values of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed separately. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates. The fair value estimates of existing on-and-off balance sheet financial instruments do not include the value of anticipated future business or the values of assets and liabilities not considered financial instruments.

Earnings (Loss) Per Share
Basic earnings (loss) per share is net income (loss) divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable under stock options.

Comprehensive Income (Loss)
Comprehensive income (loss) consists of net income (loss) and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale, net of tax.

Segment Reporting
The Company, through the branch network of the Bank, provides a broad range of financial services to individuals and companies in Western Michigan. These services include demand, time and savings deposits, lending, ATM processing, cash management, and trust services. While the Company's chief decision makers monitor the revenue streams of the various Company products and services, operations are managed and financial performance is evaluated on a Company-wide basis. Accordingly, all of the Company's banking operations are considered by management to be aggregated in one reportable operating segment.

New Accounting Pronouncements
Beginning January 1, 2001, a new accounting standard will require all derivatives to be recorded at fair value. Unless designated as hedges, changes in these fair values will be recorded in the income statement. Fair value changes involving hedges will generally be recorded by offsetting gains and losses on the hedge and on the hedges item, even if the fair value of the hedged item is not otherwise recorded. Adoption of this standard on January 1, 2001 did not have a material effect.

Loss Contingencies
Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Dividend Restriction
Banking regulations require the maintaining certain capital levels and may limit the dividends paid by the Bank to the Company or by the Company to shareholders.

Reclassifications
Certain amounts on the 1999 and 1998 consolidated financial statements have been reclassified to conform with the 2000 presentation.

Note 2 - Cash and Due from Banks
The Company was required to have $5,120,000 and $2,597,000 of cash on hand or on deposit with the Federal Reserve Bank to meet regulatory reserve and clearing requirements at year end 2000 and 1999. These balances do not earn interest.

Note 3 - Securities
The amortized cost and fair values of securities at year-end were as follows:

<TABLE>
<CAPTION>

	Available for Sale			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values
<S>	<C>	<C>	<C>	<C>
2000				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$45,927,221	$ 191,469	$ (128,090)	$45,990,600
State and municipal bonds	2,587,955	89,952	-	2,677,907
	$48,515,176	$ 281,421	$ (128,090)	$48,668,507
1999				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$27,925,926	$ -	$ (589,036)	$27,336,890
State and municipal bonds	955,377	852	(11,744)	944,485

	$28,881,303	$ 852	$ (600,780)	$28,281,375

</TABLE>

Contractual maturities of debt securities at year end 2000 were as follows:

<TABLE>
<CAPTION>

	Available for Sale	
	Amortized Cost	Fair Value
Due in one year or less	$ 13,976,222	$ 13,973,980
Due from one to five years	31,950,999	32,016,620
Due from five to ten years	415,322	430,440
Due after ten years	2,172,633	2,247,467
	$ 48,515,176	$ 48,668,507

</TABLE>

At December 31, 2000 and 1999, securities with a book value of approximately $1,000,000 and $1,500,000, respectively, were pledged as security for public deposits and for other purposes required or permitted by law.

There were no sales of securities for the years ended December 31, 2000, 1999, and 1998. In addition, $45,000,000 and $26,000,000 of the securities at year-end 2000 and 1999 were used as collateral for advances from the Federal Home Loan Bank.

Note 4 - Loans
Year-end loans are as follows:

<TABLE>
<CAPTION>

	2000	1999
Commercial	$ 293,541,257	$ 201,391,721
Mortgage	60,822,360	44,734,529
Consumer	56,312,065	39,248,201
	$ 410,675,682	$ 285,374,451

</TABLE>

Activity in the allowance for loan losses is as follows:

<TABLE>
<CAPTION>

	2000	1999	1998
Beginning balance	$ 3,995,165	$ 2,030,000	$ 2,037,500
Provision charged to operating expense	1,931,000	1,967,000	2,022,500
Loans charged-off	(87,292)	(5,538)	-
Recoveries	15,099	3,703	-
Ending balance	$ 5,853,972	$ 3,995,165	$ 2,030,000

</TABLE>

Impaired loans were as follows:

<TABLE>
<CAPTION>

	2000	1999
Year-end loans with no allocated allowance for loan losses	$ 1,393,223	-
Year-end loans with allocated allowance for loan losses	231,247	-
Total	$ 1,624,470	-
	$ 92,560	-

</TABLE>

Amount of the allowance for loan losses allocated

<TABLE>
<CAPTION>

	2000	1999	1998

<S>	<C>	<C>	<C>
Average of impaired loans during the year	$ 471,776	-	-
Interest income recognized during impairment	33,270	-	-
Cash-basis interest income recognized	27,042	-	-

</TABLE>

Note 5 - Premises and Equipment - Net
Year-end premises and equipment are as follows:

<TABLE>
<CAPTION>

	2000	1999
<S>	<C>	<C>
Land	$ 1,859,218	$ 1,574,218
Building	5,886,157	3,825,001
Leasehold improvements	1,048,559	1,090,251
Furniture and equipment	5,706,522	4,516,473
	14,500,456	11,005,943
Less accumulated depreciation	(2,236,553)	(1,008,377)
	$ 12,263,903	$ 9,997,566

</TABLE>

Depreciation expense was $1,267,801, $738,616, and $271,458 for 2000, 1999, and 1998.

The Bank leases certain office and branch premises and equipment under operating lease agreements. Total rental expense for all operating leases aggregated $243,640 in 2000, $305,516 in 1999 and $117,886 in 1998. Future minimum rentals under noncancelable operating leases as of December 31, 2000 are as follows:

<TABLE>

<S>	<C>
2001	$ 228,216
2002	170,984
2003	58,325
2004	17,925
2005	-
	$ 475,450

</TABLE>

Note 6 - Deposits
Deposits at year-end are summarized as follows:

<TABLE>
<CAPTION>

	2000	1999
<S>	<C>	<C>
Noninterest-bearing demand	$ 50,746,045	$ 34,384,932
Money Market	125,427,738	100,772,584
NOW and Super NOW	56,973,193	43,237,004
Savings	10,548,694	7,421,892
Certificates of deposit	154,921,447	93,573,470
	$ 398,617,117	$ 279,389,882

</TABLE>

At year-end 2000, maturities of certificates of deposits were as follows, for the next five years:

<TABLE>

<S>	<C>
2001	$ 103,503,373
2002	47,771,790
2003	2,438,186
2004	300,000
2005	905,829

</TABLE>

The Bank had approximately $83,855,000 and $50,179,000 in time certificates of deposit, which were in denominations of $100,000 or more at December 31, 2000 and 1999.

Brokered deposits totaled approximately $16,338,000 and $6,365,000 at year-end 2000 and 1999. At year-end 2000, brokered deposits had interest rates ranging from 5.65% to 7.30% and maturities ranging from one month to three years.

Note 7 - Federal Home Loan Bank Advances

At year-end, advances from the Federal Home Loan Bank were as follows:

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>
Maturities from April 2002 through December 2010, fixed rate from 5.48% to 6.68%, averaging 5.94%	$ 51,000,000	$ 15,000,000
Maturities from March 2000 through June 2000, variable rates of 4.05%	-	15,000,000
	$ 51,000,000	$ 30,000,000

</TABLE>

Each advance is payable at its maturity date, with a prepayment penalty. The advances were collateralized by securities totaling $45,000,000 and $26,000,000 and first mortgage loans totaling $50,000,000 and $47,000,000 under a blanket lien arrangement at year-end 2000 and 1999.

Maturities over the next five years are:

<TABLE>

<S>	<C>	<C>
	2001	$ -
	2002	3,000,000
	2003	3,000,000
	2004	4,000,000
	2005	10,000,000

</TABLE>

Note 8 - Other Borrowings
The Company secured a $5,000,000 credit facility during September 2000 to provide additional capital to maintain the Bank at or above the 8% required regulatory capital. Maturity dates and interest rates on advances of this credit facility are as follows:

<TABLE>
<CAPTION>

Maturity Date <S>	Interest Rate <C>	December 31, 2000 <C>
March 29, 2001	8.26% (fixed)	$ 1,000,000
January 26, 2001	8.15% (fixed)	3,000,000
		$ 4,000,000

</TABLE>

These borrowings are secured with 228,155 shares of common stock of Macatawa Bank.

Note 9 - Related Party Transactions
Loans to principal officers, directors, and their affiliates in 2000 were as follows:

<TABLE>

<S>	<C>
Beginning balance	$ 9,466,663
New loans	12,576,849
Repayments	(7,804,967)
Ending balance	$ 14,238,545

</TABLE>

Deposits from principal officers, directors, and their affiliates at year-end 2000 and 1999 were $5,397,000 and $3,183,000.

Note 10 - Stock Options
Options to buy stock are granted to officers and employees under the Employee Stock Option Plan (the Employees' Plan), which provides for issue of up to 200,000 options. Options are also granted to directors under the Directors' Stock Option Plan (the Directors' Plan), which provides for issue of up to 40,000 options. Exercise price is the market price at the date of grant for both plans. The maximum option term is ten years with options vesting over a one-year period for both the Employees' Plan and the Directors' Plan.

A summary of the activity in the plans is as follows:

<TABLE>
<CAPTION>

Weighted

<S>	Options Outstanding <C>	Average Exercise Price <C>
Balance at December 31, 1997	-	$ -
Granted	123,600	12.92
Exercised	-	-
Forfeited	(100)	10.00
Balance at December 31, 1998	123,500	12.83
Granted	21,000	14.16
Exercised	-	-
Forfeited	(4,200)	14.46
Balance at December 31, 1999	140,300	13.06
Granted	23,600	12.65
Exercised	(750)	10.00
Forfeited	-	-
Balance at December 31, 2000	163,150	$ 13.02

</TABLE>

For the options outstanding at December 31, 2000, the range of exercise prices was $10.00 to $16.50 per share with a weighted average remaining contractual life of 7.99 years. At December 31, 2000, 139,550 options were exercisable at a weighted average price of $13.08 per share.

No compensation cost was recognized during 2000, 1999, or 1998. Had compensation cost for stock options been measured using FASB Statement No. 123, net income (loss) and basic income (loss) per share would have been the pro forma amounts indicated below. The pro forma effect may increase in the future if more options are granted.

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>	1998 <C>
Net income (loss) as reported	$3,348,506	$ 693,266	$(2,488,551)
Pro forma net income (loss)	3,279,620	345,987	(2,752,080)
Basic earnings (loss) per share as reported	.93	.22	(1.22)
Pro forma basic earnings (loss) per share	.91	.11	(1.35)
Diluted earnings (loss) per share as reported	.93	.22	(1.22)
Pro forma diluted earnings (loss) per share	.91	.11	(1.35)
Weighted-average fair value of options granted during the year	3.82	5.19	4.74

</TABLE>

The pro forma effects are computed using option pricing models, using the following weighted-average assumptions as of grant date.

	2000	1999	1998
Risk-free interest rate	5.26%	6.55%	4.72%
Expected option life	7 years	7 years	7 years
Expected stock price volatility	26.87%	17.29%	8.46%
Dividend yield	2.00%	0.00%	0.00%

Note 11 - Employee Benefits

The Company established a 401(k) plan in January 1999 covering substantially all employees. Employees may elect to contribute to the plan from 1% to 15% of their salary subject to statutory limitations. The Company makes matching contributions equal to 100% of the first 3% of employee contributions. The Company's contribution for the years ended December 31, 2000 and 1999 were approximately $142,000 and $114,000.

Note 12 - Earnings Per Share

A reconciliation of the numerators and denominators of basic and diluted earnings per share for the years ended December 31, 2000, 1999, and 1998 are as follows:

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>	1998 <C>
Basic earnings (loss) per share			
Net income (loss)	$ 3,348,506	$ 693,266	$ (2,488,551)
Weighted average common shares			

common shares outstanding	3,588,686	3,101,908	2,041,920
Basic earnings (loss) per share	$ .93	$ .22	$ (1.22)
Diluted earnings (loss) per share			
Net income (loss)	$ 3,348,506	$ 693,266	$ (2,488,551)
Weighted average common shares outstanding	3,588,686	3,101,908	2,041,920
Add: Dilutive effects of assumed exercises of stock options	14,276	21,029	-
Weighted average common and dilutive potential common shares outstanding	3,602,962	3,122,937	2,041,920
Diluted earnings (loss) per share	$ .93	$ .22	$ (1.22)

</TABLE>

Stock options for 76,000, 57,000, and 123,500 shares of common stock were not considered in computing diluted earnings (loss) per common share for 2000, 1999, and 1998 because they were antidilutive.

Note 13 - Federal Income Taxes
The consolidated provision for income taxes is as follows:

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>	1998 <C>
Current	$ 1,888,945	$ 415,439	$ --
Deferred benefit	(533,852)	(173,533)	(841,530)
Change in valuation allowance	(655,830)	(241,906)	841,530
	$ 699,263	$ 0	$ 0

</TABLE>

The recorded consolidated income tax provision in 2000, 1999, and 1998 differs from that computed by multiplying pre-tax income by the statutory federal income tax rates due to the valuation allowance, tax-exempt interest income, and nondeductible expenses.

The net deferred tax asset recorded includes the following amounts of deferred tax assets and liabilities as of December 31, 2000 and 1999:

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>
Deferred tax asset		
Allowance for loan losses	$ 1,828,849	$ 1,198,530
Unrealized loss on securities available for sale	-	203,975
Organization costs	13,857	34,098
Other	16,304	3,798
	1,859,010	1,440,401
Deferred tax liabilities		
Depreciation	(296,851)	(221,056)
Unrealized gain on securities available for sale	(52,133)	-
Accretion	(12,937)	-
	(361,921)	(221,056)
Net deferred tax asset before valuation allowance	1,497,089	1,219,345
Valuation allowance	-	(655,830)
Net deferred tax asset after valuation allowance	$ 1,497,089	$ 563,515

</TABLE>

A valuation allowance related to deferred tax assets is required when it is considered more likely than not that all or part of the benefit related to such assets will not be realized. Management has determined that no valuation allowance is required for 2000 and that a valuation allowance of $655,830 was required for 1999.

Note 14 - Commitments and Off-Balance-Sheet Risk
Some financial instruments are used to meet customer financing needs and to reduce exposure to interest rate changes. These financial instruments include commitments to extend credit and standby letters of credit. These involve, to varying degrees, credit and interest-rate risk in excess of the amount reported in the financial statements.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the commitment, and generally have fixed expiration dates. Standby letters of credit are conditional commitments to guarantee a customer's performance to a third party. Exposure to credit loss if the other party does not perform is represented by the contractual amount for commitments to extend credit and standby letters of credit. Collateral or other security is normally not obtained for these financial instruments prior to their use, and many of the commitments are expected to expire without being used.

A summary of the notional or contractual amounts of financial instruments with off-balance-sheet risk at year-end follows:

<TABLE>
<CAPTION>

	2000	1999
<S>	<C>	<C>
Commitments to make loans	$ 53,068,000	$ 14,973,000
Unused lines of credit and letters of credit	142,817,000	102,763,000

</TABLE>

Approximately 50% of the Bank's commitments to make loans are at fixed rates, offered at current market rates. The majority of the variable rate commitments noted above are tied to prime and expire within 30 days. The majority of the unused lines of credit are at variable rates tied to prime.

The Bank conducts substantially all of its business operations in Western Michigan.

Note 15 - Regulatory Matters

The Company and the Bank are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings, and other factors, and the regulators can lower classifications in certain cases. Failure to meet various capital requirements can initiate regulatory action that could have a direct material effect on the financial statements.

The prompt corrective action regulations provide five classifications, including well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If only adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and plans for capital restoration are required.

At year-end, actual capital levels (in thousands) and minimum required levels were:

<TABLE>
<CAPTION>

	Actual		Minimum Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2000						
Total capital (to risk weighted assets)						
Consolidated	$ 43,644	10.4%	$ 33,698	8.0%	$ 42,123	10.0%
Bank	46,820	11.1	33,648	8.0	42,059	10.0
Tier 1 capital (to risk weighted assets)						
Consolidated	38,379	9.1	16,849	4.0	25,274	6.0
Bank	41,563	9.9	16,824	4.0	25,236	6.0
Tier 1 capital (to average assets)						
Consolidated	38,379	8.2	18,630	4.0	23,288	5.0
Bank	41,563	8.9	18,624	4.0	23,280	

						5.0
1999						
Total capital (to risk weighted assets)						
Consolidated	$ 38,358	14.0%	$ 21,989	8.0%	$ 27,489	10.0%
Bank	33,463	12.2	21,992	8.0	27,491	10.0
Tier 1 capital (to risk weighted assets)						
Consolidated	34,922	12.7	10,994	4.0	16,491	6.0
Bank	30,027	10.9	10,996	4.0	16,494	6.0
Tier 1 capital (to average assets)						
Consolidated	34,922	10.8	12,940	4.0	16,175	5.0
Bank	30,027	9.4	12,811	4.0	16,014	5.0

</TABLE>

The Company and the Bank were categorized as well capitalized at year-end 2000 and 1999.

Banking regulations limit capital distributions. Generally, capital distributions are limited to undistributed net income for the current and prior two years. At year-end 2000, approximately $3,434,000 is available to pay dividends to the holding company.

Note 16 - Fair Values of Financial Instruments
Carrying amount and estimated fair values of financial instruments were as follows at year-end.

<TABLE>
<CAPTION>

	2000		1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<S>	<C>	<C>	<C>	<C>
Financial assets				
Cash and cash equivalents	$ 26,305,310	$ 26,305,310	$ 20,554,039	$ 20,554,039
Securities available for sale	48,668,507	48,668,507	28,281,375	28,281,375
Federal Home Loan Bank stock	2,550,000	2,550,000	2,312,000	2,312,000
Loans, net	404,821,710	399,462,680	281,379,286	279,901,275
Accrued interest receivable	3,270,561	3,270,561	1,904,126	1,904,126
Financial liabilities				
Deposits	(398,617,117)	(398,755,454)	(279,389,882)	(279,506,286)
Note payable	(4,000,000)	(4,000,000)	-	-
Federal funds purchased	(6,200,000)	(6,200,000)	-	-
Federal Home Loan Bank advances	(51,000,000)	(52,345,922)	(30,000,000)	(29,910,492)
Accrued interest payable	(1,326,715)	(1,326,715)	(684,803)	(684,803)

</TABLE>

The methods and assumptions used to estimate fair value are described as follows:

Carrying amount is the estimated fair value for cash and cash equivalents, Federal Home Loan Bank stock, short-term borrowings, accrued interest receivable and payable, demand deposits, short-term debt, and variable rate loans or deposits that reprice frequently and fully. Security fair values are based on market prices or dealer quotes, and if no such information is available, on the rate and term of the security and information about the issuer. For fixed rate loans, deposits, and borrowings and for variable rate loans, deposits, and borrowings with infrequent repricing or repricing limits, fair value is based on discounted cash flows using current market rates applied to the estimated life and credit risk.

Note 17 - Condensed Financial Statements (Parent Company Only)
Following are condensed parent company only financial statements:

Condensed Balance Sheets

<TABLE>
<CAPTION>

	Year Ended December 31	
	2000	1999
<S>	<C>	<C>
Assets		
Cash and cash equivalents	$ 422,767	$ 4,894,668
Investment in subsidiary	41,562,958	29,631,485
Other Assets	145,737	-
Total assets	$ 42,131,462	$ 34,526,153

Liabilities And Shareholders' Equity		
Other borrowings	$ 4,000,000	$ -
Other liabilities	3,404	-
Total liabilities	4,003,404	-
Shareholders' equity		
Common stock	36,890,416	36,882,916
Retained earnings (deficit)	1,136,444	(1,960,810)
Accumulated other comprehensive income (loss)	101,198	(395,953)
Total shareholders' equity	38,128,058	34,526,153
Total liabilities and shareholders' equity	$ 42,131,462	$ 34,526,153

</TABLE>

Condensed Statements of Income

<TABLE>
<CAPTION>

	Year Ended December 31		Period from February 23, 1998 (Date of Inception) Through December 31
	2000	1999	1998
<S>	<C>	<C>	<C>
Expenses			
Other operating expenses	$ 231,552	$ 142,245	$ 54,840
Loss before income tax and equity in undistributed net loss of subsidiaries	(231,552)	(142,245)	(54,840)
Equity in undistributed net income (loss) of subsidiary	3,434,321	835,511	(2,185,393)
Income (loss) before income tax	3,202,769	693,266	(2,240,233)
Federal income tax expense (benefit)	(145,737)	--	--
Net income (loss)	$ 3,348,506	$ 693,266	$ 2,240,233

</TABLE>

Condensed Statements of Cash Flows

<TABLE>
<CAPTION>

	Year Ended December 31		Period from February 23, 1998 (Date of Inception) Through December 31
	2000	1999	1998
<S>	<C>	<C>	<C>
Cash flows from operating activities			
Net income (loss)	$ 3,348,506	$ 693,266	$ (2,240,233)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Equity in undistributed net (income) loss of subsidiary	(3,434,321)	(835,511)	2,185,393
Increase in other assets	(145,738)	--	--
Increase in other liabilities	3,404	--	--
Net cash from operating activities	(228,149)	(142,245)	(54,840)
Cash flows from investing activities			
Investment in subsidiary	(8,000,000)	(10,500,000)	(13,153,895)
Net cash from investing activities	(8,000,000)	(10,500,000)	(13,153,895)
Cash flows from financing activities			
Other borrowings	4,000,000	--	--
Proceeds from issuance of common stock	7,500	14,622,270	14,123,378
Dividends paid	(251,252)	--	--

Net cash from financing activities	3,756,248	14,622,270	14,123,378
Net change in cash and cash equivalents	(4,471,901)	3,980,025	914,643
Cash and cash equivalents at beginning of period	4,894,668	9,14,643	--
Cash and cash equivalents at end of period	$ 422,767	$ 4,894,668	$ 914,643
Noncash transaction related to origination of holding company in 1998			
Investment in subsidiary	$ --	--	$ (7,723,689)
Common stock	--	--	8,137,268
Retained deficit	--	--	(413,843)
Accumulated other comprehensive income	--	--	264

</TABLE>

Note 18 - Quarterly Financial Data (unaudited)

<TABLE>
<CAPTION>

	Interest Income	Net Interest Income	Net Income (Loss)	Earnings (Loss) per Share Basic	Fully Diluted
<S>	<C>	<C>	<C>	<C>	<C>
2000					
First quarter	$ 7,105,931	$ 3,537,225	$ 526,613	$ .15	$ .15
Second quarter	8,367,591	4,079,025	823,324	.23	.23
Third quarter	9,026,075	4,318,391	947,116	.26	.26
Fourth quarter	9,838,229	4,664,785	1,051,453	.29	.29
1999					
First quarter	$ 3,635,152	$ 1,883,465	$ (77,110)	$ (.03)	$ (.03)
Second quarter	4,663,222	2,471,316	44,116	.02	.02
Third quarter	5,475,441	2,925,651	301,171	.08	.08
Fourth quarter	6,226,884	3,292,131	425,089	.12	.12

</TABLE>

Board of Directors of Macatawa Bank

[PICTURES APPEARS HERE]

Benj. A. Smith III (1.)
Chairman and CEO
Macatawa Bank Corporation President
Smith & Associates

Philip J. Koning (1.)
President and CEO Macatawa
Bank

James L. Batts
Vice Chairman
Belfry Development Corporation

G. Thomas Boylan (1.)
President
Light Metals Corporation

Jessie F. Dalman
Former Representative Michigan
House of Representatives

Robert Den Herder (1.)
Business Consultant, Investor
Former President, Uniform Color Company

Wayne J. Elhart
President
Elhart Pontiac GMC Jeep
Vice President Elhart Dodge
Nissan

James L. Jurries
President
Jurries Capital Management, Inc.

John F. Koetje (1.)
Partner
John F. Koetje and Associates

(1.) Also serve as director of Macatawa Bank Corporation

Macatawa Bank Management Team
Philip J. Koning
President and Chief Executive Officer

Ray D. Tooker
Senior Vice President - Loan Administration

Steven L. Germond
Vice President - Chief Financial Officer

Richard D. Wieringa
Vice President - Commercial Loans

Vicki K. DenBoer
Vice President - Consumer Loans

Alan K. Yamaoka
Vice President - Mortgage Loans

Jill A. Walcott
Vice President - Branch Administration

Colette S. Neumann
Vice President - Controller and Operations

Linda Elenbaas
Vice President - Operations and Technology

Marcia Cross - Human Resources

Sandy Tanis - Trust Operations

Macatawa Bank Branch Locations
Allendale
6299 Lake Michigan Drive - 616.895.9892

Douglas
132 South Washington - 616.857.8398

Hamilton
4758 136th Avenue - 616.751.2505

Holland
139 East 8th Street - 616.820.1320
701 Maple Avenue - 616.820.1330
489 Butternut Drive - 616.786.9555
699 East 16th Street - 616.393.8527
20 E. Lakewood Boulevard - 616.594.2100

Hudsonville
5215 Cherry Avenue - 616.379.1375

Jenison
2020 Baldwin Street - 616.662.5419

Zeeland
51 East Main - 616.748.9491
41 North State Street - 616.748.9847

Wyoming
1760 44th Street SW, 2-B - 616.531.0051

Administrative Offices
348 South Waverly Road, 2-C
Holland - 616.820.1444

Trust Department
106 East 8th Street
Holland - 616.820.1350

Commercial Lending Center
348 South Waverly Road,
2-D Holland - 616.820.1438

Retail Lending Center
348 South Waverly Road,
2-A Holland - 616.393.0583

Quarterly Stock Price Information

The Company's common stock has been quoted on the Nasdaq SmallCap Market since December 27, 1999. From the completion of the Company's initial public offering in April 1998 through December 27, 1999, the Company's common stock was quoted on the OTC Bulletin Board. High and low bid prices (as reported on the OTC Bulletin Board) and high and low sales prices (as reported on the Nasdaq SmallCap Market) for each quarter for the years ended December 31, 2000 and 1999, are as follows:

	2000		1999	
	High	Low	High	Low
Quarter				
First Quarter	$15.50	$13.13	$17.00	$14.75
Second Quarter	$13.88	$11.50	$15.50	$13.50
Third Quarter	$13.25	$10.63	$15.50	$14.00
Fourth Quarter	$14.00	$11.00	$16.00	$13.00

For the period during which the common stock was quoted on the OTC Bulletin Board, the quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions and do not include intra-day highs and lows. On February 28, 2001 there were approximately 658 owners of record and, in addition, approximately 1,809 beneficial owners of the Company's common stock.

The Company declared its first cash dividend during the fourth quarter of 2000. The dividend amount was $.07 per share, and was paid December 29, 2000.

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Shareholder Information

Administrative Offices
348 South Waverly Road
Holland, MI 49423
616-820-1444

Annual Meeting
Ridgepoint Community Church
340 104th Avenue
Holland, MI 49423
Date: April 19, 2001
Time: 10:00 a.m.

Investor Relations and Form 10-K
Questions regarding corporate earnings releases, financial information, and other investor data should be addressed to:
Macatawa Bank
348 South Waverly Road
Holland, MI 49423
616-820-1435

Transfer Agent
Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016-3572
1.800.368.5948
E-mail Info@RTCo.com
Internet www.RTCO.com

General Counsel
Varnum, Riddering, Schmidt & Howlett LLP

Independent Auditor
Crowe, Chizek and Company LLP

Online Information For the most current News releases and Macatawa Bank Corporation financial reports and product information, visit our Website at www.macatawabank.com

</TABLE>

EXHIBIT 21

Exhibit 21 - Subsidiaries of Registrant

Macatawa Bank - 100% owned
Incorporated as a Michigan Banking Corporation
51 E. Main Street
Zeeland, Michigan 49464

EXHIBIT 23

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in the registration statements on Form S-8 (File No. 333-53593, File No. 333-53595 and File No. 333-94207) of our report dated January 24, 2001, on our audit of the consolidated financial statements as of December 31, 2000 and 1999, and for the years ended December 31, 2000, 1999 and 1998, which report is included in this Annual Report on Form 10-K.

/s/ Crowe, Chizek and Company LLP

Grand Rapids, Michigan Crowe, Chizek and Company LLP
March 8, 2001