SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2001

OR

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

For the transition period from _______ to _______

Commission file number: 000-25927

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

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

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

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

Check whether the issuer: (1) has 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 ______

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 5,307,201 shares of the Company's Common Stock (no par value) were outstanding as of August 10, 2001.

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Part I Financial Information
Item 1.

MACATAWA BANK CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
As of June 30, 2001 (unaudited) and December 31, 2000

	June 30, 2001 (unaudited)	December 31, 2000
ASSETS		
Cash and due from banks	$24,945,227	$26,305,310
Federal funds sold	14,500,000	---
Cash and cash equivalents	39,445,227	26,305,310
Securities available for sale	62,490,545	48,668,507
Federal Home Loan Bank stock	3,129,400	2,550,000
Total loans	468,586,863	410,675,682
Allowance for loan losses	(6,652,723)	(5,853,972)
	461,934,140	404,821,710
Premises and equipment - net	13,944,191	12,263,903
Accrued interest receivable	3,372,202	3,270,561
Other assets	2,062,584	1,932,509
Total assets	$586,378,289	$499,812,500
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing	$55,459,181	$ 50,746,045
Interest-bearing	403,970,860	347,871,072
Total	459,430,041	398,617,117
Federal Home Loan Bank advances	62,588,000	51,000,000
Note payable	---	4,000,000
Federal funds purchased	---	6,200,000
Accrued expenses and other liabilities	3,422,711	1,867,325
Total liabilities	525,440,752	461,684,442
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; 5,096,995 shares and 3,696,789 issued and outstanding as of June 30, 2001 and December 31, 2000, respectively	59,219,989	36,890,416
Retained earnings	1,154,077	1,136,444
Accumulated other comprehensive income	563,471	101,198
Total shareholders' equity	60,937,537	38,128,058
Total liabilities and shareholders' equity	$586,378,289	$499,812,500

See accompanying notes to condensed consolidated financial statements

MACATAWA BANK CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Three and Six Month Periods Ended June 30, 2001 and June 30, 2000
(unaudited)

	Three Months Ended June 30, 2001 (unaudited)	Three Months Ended June 30, 2000 (unaudited)	Six Months Ended June 30, 2001 (unaudited)	Six Months Ended June 30, 2000 (unaudited)
Interest income				
Loans, including fees	$9,735,470	$7,808,196	$19,217,273	$14,418,842

Securities	903,477	559,395	1,701,670	1,054,680
Total interest income	10,638,947	8,367,591	20,918,943	15,473,522
Interest expense				
Deposits	4,446,406	3,643,011	8,892,554	6,699,192
Other	997,323	645,555	1,999,786	1,158,080
Total interest expense	5,443,729	4,288,566	10,892,340	7,857,272
Net interest income	5,195,218	4,079,025	10,026,603	7,616,250
Provision for loan losses	(502,000)	(595,000)	(1,024,000)	(1,082,000)
Net interest income after provision for loan losses	4,693,218	3,484,025	9,002,603	6,534,250
Noninterest income				
Service charges on deposit accounts	388,357	238,196	702,078	439,155
Gain on sale of loans	220,433	95,860	486,903	135,181
Trust fees	156,952	134,821	336,968	248,187
Other	71,667	48,855	139,518	100,859
Total noninterest income	837,409	517,732	1,665,467	923,382
Noninterest expense				
Salaries and benefits	2,040,861	1,705,232	3,907,340	3,353,251
Occupancy expense of premises	275,451	308,700	570,335	563,964
Furniture and equipment expense	360,436	294,962	727,319	557,958
Legal and professional fees	71,900	102,312	137,955	153,356
Advertising	122,216	75,001	246,271	144,754
Data processing	99,019	71,774	201,287	145,581
Shareholder services	51,121	33,325	81,252	51,499
Supplies	92,238	71,401	177,096	175,558
Other expense	633,223	515,726	1,197,804	961,774
Total noninterest expenses	3,746,465	3,178,433	7,246,659	6,107,695
Income before federal income tax	1,784,162	823,324	3,421,411	1,349,937
Federal income tax	582,000	0	1,127,850	0
Net income	$1,202,162	$823,324	$ 2,293,561	$ 1,349,937
Basic income per share	$.30	$.22	$.60	$.36
Diluted income per share	$.30	$.22	$.59	$.36

</TABLE>

See accompanying notes to condensed consolidated financial statements

MACATAWA BANK CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Six Month Periods Ended June 30, 2001 and June 30, 2000
(unaudited)

<TABLE>

<S>	Six Months Ended June 30, 2001 (unaudited) <C>	Six Months Ended June 30, 2000 (unaudited) <C>
Cash flows from operating activities		
Net income	$2,293,561	$1,349,937
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	642,267	584,381
Provision for loan losses	1,024,000	1,082,000
Net change in:		
Accrued interest receivables and other assets	(231,717)	(1,396,238)
Accrued expenses and other liabilities	1,317,247	502,227
Net cash from operating activities	5,045,358	2,122,307
Cash flows from investing activities		
Net increase in loans	(58,136,430)	(61,612,860)
Purchase of Federal Home Loan Bank Stock	(579,400)	---
Purchases of securities available for sale	(38,120,060)	(7,826,998)
Proceeds from maturities and calls of securities available for sale	25,000,000	---
Additions to premises and equipment	(2,324,121)	(2,504,112)

Net cash from investing activities	(74,160,011)	(71,943,970)
Cash flows from financing activities		
Net increase in deposits	60,812,924	55,621,110
Net (decrease)increase in short term borrowings	(6,200,000)	6,000,000
Proceeds from Federal Home Loan Bank advances	16,852,000	40,000,000
Repayments of Federal Home Loan Bank advances	(5,264,000)	(30,000,000)
Repayments of notes payable	(4,000,000)	---
Cash dividends paid	(513,354)	---
Proceeds from sale of stock	20,567,000	---
Net cash from financing activities	82,254,570	71,621,110
Net change in cash and cash equivalents	13,139,917	1,799,447
Cash and cash equivalents at beginning of period	26,305,310	20,554,039
Cash and cash equivalents at end of period	$39,445,227	$22,353,486
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$10,488,177	$7,372,615
Income taxes	1,071,000	---

</TABLE>

See accompanying notes to condensed consolidated financial statements

MACATAWA BANK CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Six Month Periods Ended June 30, 2001 and June 30, 2000
(unaudited)

<TABLE>

	Common Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
<S>	<C>	<C>	<C>	<C>
Balance, December 31, 1999	$36,882,916	$(1,960,810)	$(395,953)	$34,526,153
Net income for six months ended June 30, 2000		1,349,937		1,349,937
Other comprehensive income, net of tax:				
Unrealized gains/losses on securities			(39,834)	(39,834)
Comprehensive income				1,310,103
Balance, June 30, 2000	$36,882,916	$ (610,873)	$(435,787)	$35,836,256

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2000	$36,890,416	$1,136,444	$101,198	$38,128,058
Net income for six months ended June 30, 2001		2,293,560		2,293,560
Other comprehensive income, net of tax:				
Unrealized gains/losses on securities			462,273	

				462,273

Comprehensive income				1,831,287
Net proceeds from sale of stock	20,565,000			20,565,000
Proceeds from exercise of stock options	2,000			2,000
Issued 107,474 shares in payment of 3% stock dividend	1,762,573	(1,765,885)		(3,312)
Cash dividends at $.07 per share		(510,042)		(510,042)
	-----------	----------	--------	-----------
Balance, June 30, 2001	$59,219,989	$1,154,077	$563,471	$60,937,537
	===========	==========	========	===========

</TABLE>

See accompanying notes to condensed consolidated financial statements

MACATAWA BANK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended June 30, 2001, are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. For further information, refer to the consolidated financial statements and footnotes thereto included in Macatawa Bank Corporation's (the "Company") 2000 Annual Report containing financial statements for the year ended December 31, 2000.

All per share amounts and average shares outstanding have been adjusted for all periods presented to reflect the 3% stock dividend distributed on May 4, 2001. The Statement of Changes in Shareholders' Equity reflects the change in retained earnings and common stock for the value of the dividend paid .

NOTE 2 PRINCIPLES OF CONSOLIDATION

The accompanying condensed consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiary, Macatawa Bank (the "Bank"). All significant intercompany accounts and transactions have been eliminated in consolidation.

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MACATAWA BANK CORORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 3 EARNINGS PER SHARE

A reconciliation of the numerators and denominators of basic and diluted earnings per share for the quarters and six months ended June 30, 2001 and June 30, 2000 are as follows:

	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Basic earnings per share				
Net income	$1,202,162	$823,324	$2,293,560	$1,349,937
Weighted average common shares outstanding	3,989,196	3,696,222	3,843,800	3,696,222
Basic earnings per share	$0.30	$0.22	$0.60	$0.36
Diluted earnings per share				
Net income	$1,202,163	$823,324	$2,293,560	$1,349,937
Weighted average common shares outstanding	3,989,196	3,696,222	3,843,800	3,696,222
Add: Dilutive effects of assumed exercise of stock options	37,989	13,100	30,202	16,617
Weighted average common and dilutive potential common shares outstanding	4,027,185	3,709,322	3,874,002	3,712,839
Diluted earnings per share	$0.30	$0.22	$0.59	$0.36

Stock options for 2,000 and 51,440 shares of stock were not considered in computing diluted earnings per share for the quarter and six-months ended June 30, 2001 because they were antidilutive. Stock options for 78,280 shares of common stock were not considered in computing diluted earnings per share for the quarter and six-months ended June 30, 2000 because they were antidilutive.

(Continued)

NOTE 4 SECURITIES

The amortized cost and fair values of securities available for sale were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values
June 30, 2001 (Unaudited)				
U.S. Treasury securities and obligations of U. S. Government agencies	$53,901,185	$686,670	$(2,500)	$54,585,355
State and municipal bonds	7,735,616	171,112	(1,538)	7,905,190
	$61,636,801	$857,782	$(4,038)	$62,490,545

December 31, 2000				
U. S. Treasury securities and obligations of U. S. Government 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

</TABLE>

Contractual maturities of debt securities at June 30, 2001(unaudited) were as follows. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>

	Available-for-Sale Securities	
	Amortized Cost	Fair Values
<S>	<C>	<C>
Due from one to five years	$49,228,764	$49,868,340
Due from five to ten years	6,929,646	7,021,684
Due after ten years	5,478,391	5,600,521
Total	$61,636,801	$62,490,545

</TABLE>

NOTE 5 - LOANS

Loans were as follows:
<TABLE>

	June 30, 2001 (unaudited)	December 31, 2000
<S>	<C>	<C>
Commercial	$339,620,283	$293,541,257
Mortgage	65,849,794	60,822,360
Consumer	63,116,786	56,312,065
	468,586,863	410,675,682
Allowance for loan losses	(6,652,723)	(5,853,972)
	$461,934,140	$404,821,710

</TABLE>

Activity in the allowance for loan losses was as follows:
<TABLE>

	Three months Ended June 30, 2001 (unaudited)	Three months Ended June 30, 2000 (unaudited)	Six months Ended June 30, 2001 (unaudited)	Six months Ended June 30, 2000 (unaudited)
<S>	<C>	<C>	<C>	<C>
Balance at beginning of period	$6,243,030	$4,482,165	$5,853,972	$3,995,165
Provision charged to operating expense	502,000	595,000	1,024,000	1,082,000
Charge-offs	(114,026)	(32,570)	(257,762)	(32,570)
Recoveries	21,719	---	32,513	---
Balance at end of period	$6,652,723	$5,044,595	$6,652,723	$5,044,595

</TABLE>

NOTE 6 - DEPOSITS

Deposits are summarized as follows:

<TABLE>

	June 30, 2001 (unaudited)	December 31, 2000
<S>	<C>	<C>
Noninterest-bearing demand deposit accounts	$55,459,181	$50,746,045
Money market accounts	144,637,749	125,427,738
NOW and Super NOW accounts	53,295,147	56,973,193
Savings accounts	14,434,548	10,548,694
Certificates of deposit	191,603,416	154,921,447
	$459,430,041	$398,617,117

</TABLE>

(Continued)

NOTE 7 - FEDERAL HOME LOAN BANK BORROWINGS

Advances from the Federal Home Loan Bank were as follows:

<TABLE>

	June 30, 2001	December 31, 2000
<S>	<C> (unaudited)	<C>
Maturities from October 2001 through December 2010, fixed rates from 5.08% to 6.68%, averaging 5.82%.	$62,588,000	$51,000,000

</TABLE>

Each advance is payable at its respective maturity date with a prepayment penalty. These advances were required to be collateralized by securities totaling $45,000,000 at June 30, 2001 and December 31, 2000, and first mortgage loans totaling $49,000,000 and $50,000,000 under a blanket lien arrangement at June 30, 2001 and December 31, 2000, respectively.

Maturities as of June 30, 2001 were as follows:

<TABLE>

<S>	<C>
2001	$ 5,264,000
2002	8,264,000
2003	3,000,000
2004	5,060,000
2005	10,000,000
2009	5,000,000
2010	26,000,000
	$62,588,000

</TABLE>

(Continued)

NOTE 8 - 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 measurements 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 weighting, 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 a bank is only adequately capitalized, regulatory approval is required before it is able to accept brokered deposits. If a bank is undercapitalized, capital distributions are limited, as well as its asset growth and expansion, and the bank is required to implement plans for necessary capital restoration.

At June 30, 2001 and December 31, 2000, actual capital levels (in thousands) and minimum required levels for the Company and the Bank were:

<TABLE>

	Actual		Minimum Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2001 (unaudited)						
Total capital (to risk weighted assets)						
Consolidated	$66,448	13.7%	$38,876	8.0%	$48,596	10.0%
Bank	52,360	10.8	38,859	8.0	48,574	10.0
Tier 1 capital (to risk weighted assets)						
Consolidated	60,374	12.4	19,438	4.0	29,157	6.0
Bank	46,288	9.5	19,430	4.0	29,144	6.0
Tier 1 capital (to average assets)						
Consolidated	60,374	10.9	22,208	4.0	27,761	5.0
Bank	46,288	8.3	22,192	4.0	27,741	5.0
December 31, 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

</TABLE>

The Company and the Bank were categorized as well capitalized at June 30, 2001 and year-end 2000.

During June of 2001, the Company completed an underwritten common stock offering. This resulted in 1,400,000 shares of common stock sold at $16.00 per share. Net proceeds, after underwriters' discount and offering expense, were $20.6 million. Subsequently, in July 2001, the underwriter exercised its overallotment option resulting in an additional 210,000 shares of stock issued. Net proceeds from the overallotment sale totaled $3.1 million.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OFOPERATIONS

Macatawa Bank Corporation is a Michigan corporation and is the bank holding company for Macatawa Bank. Macatawa Bank commenced operations on November 25, 1997. Macatawa Bank is a Michigan chartered bank with depository accounts insured by the Federal Deposit Insurance Corporation. We provide a full range of commercial and consumer banking, and Trust services through our network of 14 full service branches located in communities in Ottawa County, northern Allegan County and southwestern Kent County, Michigan.

We have experienced rapid and substantial growth since opening in November 1997. At June 30, 2001, we had fourteen branch banking offices and three service facilities. We completed an underwritten initial public offering of common stock on April 7, 1998, resulting in net proceeds of $14.1 million. In June 1999, we completed an offering of common stock to our shareholders resulting in net proceeds of $14.6 million. An additional follow-on offering was completed in June of 2001. This resulted in the sale of an additional 1,400,000 shares of common stock, at an offering price of $16.00 per share. During July 2001, the underwriters exercised the overallotment option granted, issuing an additional 210,000 shares at the $16.00 offering price. Net proceeds, including the exercise of the underwriters' overallotment option exercised in July 2001, totaled $23.6 million after underwriting discounts, commissions, and expenses.

We 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 June 30, 2001, had assets of approximately $262 million.

Financial Condition

Our total assets were $586.4 million at June 30, 2001, an increase of $86.6 million, or 17%, as compared to $499.8 million at December 31, 2000. The increase in assets was, we believe, attributable primarily to the Bank continuing to attract new deposit and loan customers as a result of its strong customer service focus and community presence. The asset growth was primarily in earning assets of loans and securities, but also included increased cash, premises, and equipment.

Cash and cash equivalents, which include federal funds sold and short-term investments, increased $13.1 million to $39.4 million at June 30, 2001, from $26.3 million at December 31, 2000. The increase was attributable to an increase in federal funds sold of $14.5 million as a result of the recently completed capital offering proceeds not being fully invested in loans or other investments at quarter end. The offering was completed in mid June as discussed above.

Securities available for sale totaled $62.5 million at June 30, 2001, an increase of $13.8 million as compared to December 31, 2000. The increase in securities was consistent with maintaining the Bank's liquidity ratio in conjunction with deposit growth.

Total loans at June 30, 2001 were $468.6 million, an increase of $57.9 million, or 14%, as compared to December 31, 2000. Commercial and commercial real estate loans increased $46.1 million to $339.6 million at June 30, 2001, from $293.5 million at December 31, 2000, an increase of 15%. Commercial and commercial real estate loans accounted for approximately 72% of the Bank's total loan portfolio at June 30, 2001, as compared to 71% at December 31, 2000. Consumer loans and residential mortgage loans comprised 13% and 14% of total loans, respectively, at June 30, 2001.

The allowance for loan losses as of June 30, 2001 was $6.7 million, or 1.42% of total loans, compared to $5.9 million, or 1.43% of total loans at December 31, 2000. We provide a loan loss provision on a regular basis consistent with our loan growth and loss experience. Net charge-offs for the first six months totaled $225 thousand, as compared to $32 thousand for the same period last year. While our net charge-off experience was higher during the current year, this represented only .10%, on an annualized basis, of average loans. Our credit losses on loans continue to be low however, we recognize that our loan portfolios remain relatively unseasoned, and no material trend of losses has been established. Given the newness of the portfolios, the effects of increasing interest rates on borrowers, and potential economic weakness, in our judgment, we have provided adequate reserves for loan losses. However, there can be no assurance that the allowance for losses on loans will be adequate to cover all losses. In lieu of an established loan loss trend for determining an adequate allowance for loan loss, the Bank has built an allowance based on industry peer ratios.

Premises and equipment totaled $13.9 million at June 30, 2001, an increase of $1.7 million from Dece mber 31, 2000. The increase resulted from the purchase of land for construction of a new headquarters building, as well as a new branch location. The new headquarters location will allow us to consolidate our administration, human resources, trust, loan underwriting and processing, and proof and deposit operations at one location. The new branch site will allow us to construct a full service branch, with drive-up capability, in Hudsonville. The branch will replace an existing small leased storefront location.

Total deposits increased $60.8 million, or 15%, to $459.4 million at June 30, 2001, as compared to $398.6 million at December 31, 2000. We believe the increase was primarily a result of deposits being obtained from new customers. The number of deposit accounts increased from approximately 38,000 at December 31, 2000, to approximately 45,000 at June 30, 2001. We continue to anticipate strong deposit growth given the ongoing consolidation of banks in our market by larger out-of-market regional banks. We feel we have the ability to attract new customers based on our focus on quality customer service, the desire of customers to deal with a local bank, and convenient accessibility through the expansion of our branch network.

Results of Operations

Net income for the quarter ended June 30, 2001, was $1.2 million, an increase of $379 thousand over the same period last year. Diluted earnings per share were $.30 compared to $.22 for the prior year period. Six months year-to-date net income was $2.3 million, an increase of $944 thousand as compared to the comparable period last year. Net income for the quarter and six months year-to-date 2001 included a federal income tax expense provision of $582 thousand and $1.1 million, respectively. The comparable periods in 2000 did not include any tax provision due to our prior year operating loss carry forward position for federal tax purposes.

Net interest income for the second quarter of 2001 totaled $5.2 million, a 27% increase as compared to $4.1 million for the comparable period in 2000. The improvement is reflective of the overall growth of the earning assets for the Company. Average earning assets during the second quarter of 2001 totaled $519.6 million, versus $379.7 million during the same quarter in 2000. Net interest margin on earning assets was 3.98% for the 2001 quarter, down from 4.23% in the second quarter of 2000. Net interest income for the six months year-to-date was $10.0 million, as compared to $7.6 million for the same period in 2000. Net interest margin was 4.00% for the six month period in 2001, as compared to the same period last year net interest margin of 4.19%. The contraction in the net interest margin for both the quarter and year-to-date reflects the decrease in yield on earning assets resulting from the six prime rate reductions totaling 2.75% in the first six months of this year. Liability costs have not moved as quickly due to contractual maturities on certificate of deposit portfolios, as well as fixed rate borrowings. Anticipated growth in earning assets is expected to continue to increase levels of net interest income. This will be slightly mitigated by the compression in the net interest margin as a result of any additional interest rate reductions by the Federal Reserve Board. Based on maturities in our fixed term certificate of deposit portfolio, we anticipate several months before re-pricing of the portfolio results in lower costs that will fully offset reductions in our asset yields following any interest rate reduction.

The following table shows an analysis of net interest margin for the three month periods ending June 30, 2001 and 2000.

<TABLE>

	For the three months ended June 30,					
	2001			2000		
	Average Balance	Interest earned or paid	Average yield or cost	Average balance	Interest earned or paid	Average yield or cost
	(Dollars in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Assets						
Taxable securities	$47,291	$ 703	6.02%	$31,764	$ 479	5.95%
Tax-exempt securities (1)	6,703	78	7.14%	1,579	21	8.08%
Loans	456,433	9,735	8.46%	342,989	7,808	9.04%
Fed funds sold	5,923	61	4.09%	885	12	5.40%
Short term investments	103	1	2.30%	164	2	5.99%
Federal Home Loan Bank stock	3,129	60	7.64%	2,312	45	7.74%
Total interest earning assets	519,582	10,638	8.65%	379,693	8,367	8.76%
Noninterest earning assets						
Cash and due from banks	24,017			18,543		
Other	12,241			9,805		
Total assets	$555,840			$408,041		
Liabilities						
NOWs and MMDAs	$188,623	1,538	3.31%	$154,442	1,580	4.12%
Savings	13,400	55	1.64%	9,164	44	1.91%
IRAs	11,384	172	6.07%	7,207	107	5.95%
Time deposits	178,482	2,681	6.03%	121,860	1,912	6.31%
Fed funds borrowed	1,582	18	4.53%	2,852	45	6.25%
Other borrowings	66,039	979	5.93%	39,611	600	6.00%

Total interest bearing liabilities	459,510	5,443		335,136	4,288	
Noninterest bearing liabilities						
Noninterest bearing demand accounts	48,598			35,896		
Other noninterest bearing liabilities	4,212			1,232		
Shareholders' equity	43,520			35,777		
Total liabilities and shareholders' equity	$555,840			$408,041		
Net interest income		$5,195			$4,079	
Net interest spread			3.43%			3.63%
Net interest margin			3.98%			4.23%
Ratio of average interest bearing assets to Average interest bearing liabilities		113.07%			113.30%	

</TABLE>

(1) Yield adjusted to fully tax equivalent.

The following table shows an analysis of net interest margin for the six month periods ending June 30, 2001 and 2000.

<TABLE>

	For the six months ended June 30,					
	2001			2000		
	Average Balance	Interest earned or paid	Average yield or cost	Average Balance	Interest earned or paid	Average yield or cost
	(Dollars in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Assets						
Taxable securities	$45,657	$ 1,389	6.06%	$29,906	$ 893	5.90%
Tax-exempt securities (1)	5,030	120	7.28%	1,297	34	8.04%
Loans	441,117	19,217	8.69%	322,456	14,419	8.88%
Fed funds sold	3,320	71	4.24%	1,096	31	5.58%
Short term investments	123	2	4.12%	231	4	3.67%
Federal Home Loan Bank stock	3,067	120	7.78%	2,312	92	7.87%
Total interest earning assets	498,314	20,919	8.40%	357,298	15,473	8.61%
Noninterest earning assets						
Cash and due from banks	22,291			18,028		
Other	11,731			9,419		
Total assets	$532,336			$384,745		
Liabilities						
NOWs and MMDAs	$183,059	3,239	3.57%	$150,482	3,044	4.07%
Savings	12,196	105	1.73%	8,511	82	1.93%
IRAs	10,842	333	6.19%	6,727	195	5.82%
Time deposits	168,172	5,215	6.25%	110,998	3,378	6.12%
Fed funds borrowed	2,515	69	5.44%	2,277	71	6.15%
Other borrowings	65,055	1,931	5.94%	35,465	1,087	6.06%

Total interest bearing liabilities	441,839	10,892		314,460	7,857	
Noninterest bearing liabilities						
Noninterest bearing demand accounts	46,084			33,769		
Other noninterest bearing liabilities	3,289			1,243		
Shareholders' equity	41,124			35,273		
	---------			---------		
Total liabilities and shareholders' equity	$532,336			$384,745		
	=========			=========		
Net interest income		$10,027			$7,618	
		========			=======	
Net interest spread			3.44%			3.59%
Net interest margin			4.00%			4.19%
Ratio of average interest bearing assets to Average interest bearing liabilities		112.78%		113.62%		

</TABLE>

(1) Yield adjusted to fully tax equivalent.

The provision for loan losses for the quarter ended June 30, 2001 was $502 thousand. The loan loss provision for the six month period in 2001 was $1.0 million, as compared to $1.1 million for the same period in 2000. These amounts were provided as a result of the increase in the total loan portfolio, as well as providing additional allowance for loans charged-off during the periods. Management considers it prudent during the early years of operations to provide for loan losses at similar levels maintained by banks with similar loan portfolios. We will continue to monitor our loan loss experience, and increase our loan loss reserve if needed, to more closely align it with our own history of loss experience. Along with other financial institutions, management shares a concern for the possible continued softening of the economy in 2001. Should the economic climate continue to deteriorate, borrowers may experience difficulty, and the level of non-performing loans, charge-offs, and delinquencies could rise and require further increases in the provision.

Noninterest income for the quarter ended June 30, 2001 was $837 thousand, an increase of $319 thousand, or 62%, over the same period last year. On a year-to-date basis, noninterest income totaled $1.7 million for the 2001 period, as compared to $923 thousand in the first six months of 2000. Service charges on deposit accounts was the single largest component of noninterest income and increased to $388 thousand for the second quarter of 2001, compared to $238 thousand for the second quarter in 2000. Deposit service charges totaled $702 thousand for the six month period in 2001, as compared to $439 thousand for the 2000 period. The increased service charge income was reflective of increased customer accounts. Gain on sale of mortgage loans totaled $220 thousand for the second quarter of 2001, and was $487 thousand for the six month period, as compared to $96 thousand and $135 thousand for the comparable periods in 2000. The increased gains were from higher volumes of residential mortgage financing activity as a result of the lower interest rate market during the 2001 periods. Higher mortgage refinancing activity is expected to continue as long as interest rates remain favorable for mortgage originations.

Noninterest expense totaled $3.7 million for the quarter, and $7.2 million for the six month period in 2001, as compared to $3.2 million and $6.1 million, respectively, for the comparable periods in 2000. Salary and benefits were the primary increases in both the quarter and six month periods, as a result of additional staff, as well as annual staff merit increases. The growth in salary expense levels reflects the expansion of staff required to handle the growing lending portfolios and operational support infrastructure necessary to support increased customer activity. Other increases included advertising and promotion costs, data processing, and other expense, which includes courier, telephone, postage, and outside services. All of these costs are customer activity and branch infrastructure related, and increase as a result of new customer activity being generated.

Liquidity and Capital Resources

We obtained our initial equity capital, in the amount of approximately $8.2 million, as a result of a private placement by Macatawa Bank to investors in November 1997. Additional equity capital of $14.1 million was raised during our initial public offering completed in April 1998. Due to our continued rapid growth, additional equity capital was required in 1999. Through an offering made to our shareholders in June 1999, $14.6 million of net proceeds from an equity offering was raised. We have just completed a follow-on stock offering on June 15, 2001, with the issuance of an additional 1,400,000 shares of common stock. The net proceeds from this offering totaled $21.5 million, after underwriters discount and offering expenses. In early July, 2001, the underwriters exercised their overallotment option that we had granted in conjunction with the stock offering. This allowed them to sell an additional 210,000 shares (15% of the base offering) due to demand in excess of the base offering. This generated an additional $3.1 of capital after the underwriters discount. The proceeds of this offering were used to pay down $4 million of indebtedness, while the balance will be used to strengthen our capital position in anticipation of future growth, and for other general corporate purposes. At June 30, 2001, the Bank's Tier I Capital as a percent of average assets was 10.9%.

We declared our first cash dividend during the fourth quarter of 2000 in the amount of 7 cents per share. We have paid a quarterly cash dividend of 7 cents per share for the first and second quarters of this year as well. It is anticipated that we will continue to pay quarterly cash dividends in the future. On May 4, 2001, we distributed a 3% stock dividend to our shareholders.

We secured a $5 million credit facility during September of 2000, to provide additional capital to maintain the Bank at required regulatory capital levels. In March 2001, the credit facility was increased to $8 million. The balance outstanding on this line was $4 million at December 31, 2000. This debt was paid off during the current quarter with proceeds from the capital offering recently completed.

The liquidity of a financial institution reflects its ability to provide funds to meet loan requests, to accommodate possible outflows in deposits and to take advantage of interest rate market opportunities. Our 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 our customers. These customers may be either borrowers with credit needs or depositors wanting to withdraw funds.

Forward Looking Statements

This report includes "forward-looking statements" as that term is used in the securities laws. All statements regarding our expected financial position, business and strategies are forward-looking statements. In addition, the words "anticipates," "believes," "estimates," "seeks," "expects," "plans," "intends," and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. The presentation and discussion of the provision and allowance for loan losses and statements concerning future profitability or future growth or increases, are examples of inherently forward looking statements in that they involve judgments and statements of belief as to the outcome of future events. Our 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 our operations and our future prospects 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 our 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 us and our business, including additional factors that could materially affect our financial results, is included in our filings with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Analysis

Our primary market risk exposure is interest rate risk and, to a lesser extent, liquidity risk. All of Macatawa Bank's transactions are denominated in U.S. dollars with no specific foreign exchange exposure. Macatawa has only limited agricultural-related loan assets, and therefore has no significant exposure to changes in commodity prices. Therefore, our market risk exposure is mainly comprised of our sensitivity to interest rate risk. Our balance sheet has sensitivity, in various categories of assets and liabilities to changes in prevailing rates in the U.S. for prime rate, mortgage rates, U.S. Treasury rates and various money market indexes. Our asset/liability management process aids us in providing liquidity while maintaining a balance between interest earning assets and interest bearing liabilities.

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We use two interest rate risk measurement techniques in our interest rate risk management. The first is static gap analysis. This measures the difference between the dollar amounts of interest sensitive assets and liabilities that may be refinanced or repriced during a given time period. A significant repricing gap could result in a negative impact to our net interest margin during periods of changing market interest rates. The following table summarizes our interest rate repricing gaps (in thousands) for selected maturity periods as of June 30, 2001.

<TABLE>

	<3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<S>	<C>	<C>	<C>	<C>	<C>
Assets:					
Fixed rate loans	$21,223	$40,183	$152,939	$24,300	$238,645
Variable rate loans	205,172	1,200	21,483	2,087	229,942
Taxable Securities	4,015	5,078	36,777	8,715	54,585
Tax-Exempt Securities	--	--	--	7,905	7,905
Other Securities	--			3,129	3,129
Federal Funds Sold	14,500			--	14,500
Loan Loss Reserve	--	--	--	--	(6,653)
Cash & Due From Banks		--	--	--	24,945
Fixed Assets	--	--	--	--	13,944
Other Assets	--	--	--	--	5,221
TOTAL	$244,910	$ 46,461	$211,199	$46,136	$586,163
Liabilities:					
Time deposits $100,000 and over	38,195	54,297	6,555	--	99,047
Time deposits under $100,000	12,492	52,377	16,118	--	80,987
Repo's & Borrowed Money	--	13,528	18,060	31,000	62,588
Savings & IRAs	15,182	5,765	4,748	522	26,217
NOW & money market accounts	197,719	--	--	--	197,719
Non-Interest Bearing Deposits	--	--	--	--	69,410
Other Liabilities & Equity			--	--	50,195
TOTAL	$263,588	$125,967	$ 45,481	$31,522	$586,163
Net asset (liability) gap:	(18,678)	(79,452)	165,718	14,614	
Cumulative gap:	(18,678)	(98,130)	67,588	82,202	
Cumulative gap to total assets	(3.19%)	(16.74%)	11.53%	14.02%	
Rate sensitive assets to rate Sensitive liabilities	.93	0.37	4.64	1.46	
Cumulative rate sensitive assets to Rate sensitive liabilities	.93	.75	1.15	1.18	

</TABLE>

The above table shows that total liabilities maturing or repricing within one year exceeded assets maturing within one year by $98 million. However, the repricing and cash flows of certain categories of assets and liabilities are subject to competitive and other influences that are beyond our control. 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.

The second interest rate risk measurement used is simulation analysis. We use a computer-based earnings simulation model to estimate the effects of various interest rate environments on the balance sheet structure and net interest income. The simulation model assesses the direction and magnitude of variations in net interest income resulting from potential changes in market interest rates. Key assumptions in the model include repayment speeds on various loan and investment assets, cash flows and maturities of interest-sensitive assets, cash flows and maturities of interest-sensitive liabilities, and changes in market conditions impacting loan and deposit pricing.

In running the simulation model, we first forecast the next twelve months of net interest income under an assumed environment of constant market interest rates. Next, immediate and parallel interest rate shocks are constructed in the model. These rate shocks reflect changes of equal magnitude to all market interest rates. The next twelve months of net interest income are then forecast under each of the rate shock scenarios. The resulting change in net interest income is an indication of the sensitivity of our earnings to directional changes in market interest rates. This model is based solely on parallel changes in market rates and does not reflect the levels of interest rate risk that may arise from other factors such as changes in the spreads between key market rates or in the shape of the Treasury yield curve. The net interest income sensitivity is monitored by the Asset/Liability Committee which evaluates the results in conjunction with acceptable interest rate risks to maintain our net interest income levels.

The following table shows the suggested impact on net interest income over the next twelve months, based on our balance sheet as of June 30, 2001.

<TABLE>

Interest Rate Scenario	Percent Change in Net Interest Income
<S>	<C>
Interest rates down 200 basis points	(11.44)%
Interest rates down 100 basis points	(5.42)%
No change in interest rates	--
Interest rates up 100 basis points	5.10%
Interest rates up 200 basis points	9.64%

</TABLE>

The above results indicate that we are interest sensitive on the asset side, with more asset repricing opportunities in either an up or down interest rate scenario. In addition to changes in interest rates, the level of future net interest income is also dependent on a number of other variables, including: the growth, composition and absolute levels of loans, deposits, and other earning assets and interest-bearing liabilities; economic and competitive conditions; potential changes in lending, investing and deposit gathering strategies; client preferences, and other factors.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Securities Holders.

(a) The annual meeting of shareholders of the Corporation was held on April 19, 2001 ("Annual Meeting").

(b) the following director was elected at the Annual Meeting for a term expiring in 2004: John F. Koetje. Other directors whose terms continued after the meeting are as follows: Robert E. DenHerder and Philip J. Koning, whose terms expire in 2002; and G. Thomas Boylan and Benj. A. Smith, III, whose terms expire in 2003.

(c) At the Annual Meeting, one director was elected for a term expiring in 2004.

Director Nominee:	For	Authority Withheld	Abstain and Broker Non-votes
John F. Koetje	3,201,166	810	387,339

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits - None.

(b) Reports on 8-K - None.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, to be signed on its behalf by the undersigned, thereunto duly authorized.

MACATAWA BANK CORPORATION

/s/ Benj. A. Smith, III
Benj. A. Smith, III
Chairman and Chief Executive Officer

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

DATE: August 13, 2001