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 March 31, 2003

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.)

10753 Macatawa Drive, Holland, Michigan 49924
(Address of principal executive offices) (Zip Code)

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

Indicate by check whether the registrant: (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 ___

Indicate by check whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes X No ___

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 7,966,174 shares of the Company's Common Stock (no par value) were outstanding as of May 5, 2003.

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Part I Financial Information
Item 1.

MACATAWA BANK CORPORATION
CONSOLIDATED BALANCE SHEETS
As of March 31, 2003 (unaudited) and December 31, 2002

(dollars in thousands except share data)	March 31, 2003 (unaudited)	December 31, 2002
ASSETS		
Cash and due from banks	$35,977	$47,874
Federal funds sold	---	---
Short-term investments	---	---
Cash and cash equivalents	35,977	47,874
Securities available for sale	83,502	86,109
Securities held to maturity	3,179	4,061
Federal Home Loan Bank stock	5,391	5,391
Loans held for sale	12,308	18,726
Total loans	1,015,154	961,038

Allowance for loan losses	(14,163)	(13,472)
	1,000,991	947,566
Premises and equipment - net	30,617	25,751
Accrued interest receivable	4,687	4,411
Goodwill	23,915	23,915
Acquisition intangibles	3,140	3,271
Other assets	5,797	9,508
Total assets	$1,209,504	$1,176,583
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing	110,256	$103,030
Interest-bearing	855,311	817,843
Total	965,567	920,873
Federal funds purchased	13,500	20,000
Federal Home Loan Bank advances	102,353	106,897
Other borrowings	6,363	4,936
Accrued expenses and other liabilities	5,568	9,903
Total liabilities	1,093,351	1,062,609
Shareholders' equity		
Preferred stock, no par value, 500,000 shares authorized; no shares issued and outstanding		
Common stock, no par value, 20,000,000 shares authorized; 7,966,174 shares and 7,891,502 issued and outstanding as of March 31, 2003 and December 31, 2002, respectively	105,559	105,201
Retained earnings	7,948	5,931
Accumulated other comprehensive income	2,646	2,842
Total shareholders' equity	116,153	113,974
Total liabilities and shareholders' equity	$1,209,504	$1,176,583

See accompanying notes to consolidated financial statements

MACATAWA BANK CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Three Month Periods Ended March 31, 2003 and 2002
(unaudited)

(dollars in thousands except per share data)	Three Months ended March 31, 2003	Three Months ended March 31, 2002
Interest income	(unaudited)	(unaudited)
Loans, including fees	$14,267	$ 9,560
Securities	1,141	962
Total interest income	15,408	10,522
Interest expense		
Deposits	4,627	3,353
Other	1,173	1,012
Total interest expense	5,800	4,365
Net interest income	**9,608**	**6,157**
Provision for loan losses	995	705
Net interest income after		

provision for loan losses...........	**8,613**	**5,452**
Noninterest income		
Service charges on deposit accounts	600	456
Mortgage production revenue........	986	212
Trust fees.........................	583	163
Other..............................	137	139
Total noninterest income........	2,306	970
Noninterest expense		
Salaries and benefits..............	3,590	2,160
Occupancy	558	354
Furniture and equipment	594	436
Legal and professional fees........	129	126
Advertising........................	201	116
Data processing....................	199	137
Supplies...........................	132	93
Other	1,278	756
Total noninterest expenses......	6,681	4,178
Income before federal income tax......	**4,238**	**2,244**
Federal income tax....................	1,428	730
Net income............................	**$ 2,810**	**$ 1,514**
Basic earnings per share..............	$.34	$.26
Diluted earnings per share............	$.33	$.26

See accompanying notes to consolidated financial statements

MACATAWA BANK CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Three Month Periods Ended March 31, 2003 and 2002
(unaudited)

(dollars in thousands except per share data)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, January 1, 2002................	$62,334	$3,180	$ 988	$66,502
Net income for three months ended March 31, 2002.......................		1,514		1,514
Other comprehensive income, net of tax:				
Unrealized gains/losses on securities			(433)	(433)
Comprehensive income............				1,081
Proceeds from exercise of 1,747 stock options	21			21
Issued 212,355 shares in payment of 4% stock dividend.................	4,270	(4,270)		---
Cash dividends at $.07 per share.........		(424)		(424)
Balance, March 31, 2002.................	$66,625	$ ---	$ 555	$67,180
Balance, January 1, 2003................	$105,201	$5,931	$ 2,842	$113,974
Net income for three months ended March 31, 2003.......................		2,810		2,810
Other comprehensive income, net of tax:				

Unrealized gains/losses on securities.			(187)	(187)
Unrealized gain on derivative instruments			(9)	(9)
			---	---
Comprehensive income............				2,614
Proceeds from exercise of 74,672 stock options	358			358
Cash dividends at $.10 per share.........		(793)		(793)
		-----		-----
Balance, March 31, 2003.................	$105,559	$7,948	$2,646	$116,153
	========	======	======	========

See accompanying notes to consolidated financial statements

MACATAWA BANK CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Month Periods Ended March 31, 2003 and 2002
(unaudited)

(dollars in thousands)	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net income..	$2,810	$1,514
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization...........................	712	398
Provision for loan losses...............................	995	705
Gain on sale of loans...................................	(986)	(212)
Loans originated for sale...............................	(86,527)	(24,473)
Proceeds from sales of loans............................	93,931	25,146
Net change in:		
Accrued interest receivable and other assets..........	3,521	4,609
Accrued expenses and other liabilities................	(4,335)	2,520
	-------	-------
Net cash from operating activities................	10,121	10,207
Cash flows from investing activities		
Net increase in loans...	(54,420)	(44,020)
Purchase of Federal Home Loan Bank Stock......................	---	---
Purchases of securities available for sale....................	(2,000)	(10,882)
Proceeds from maturities and calls of securities available for sale...	3,973	5,000
Principal paydowns on securities..............................	1,158	---
Additions to premises and equipment...........................	(5,371)	(1,720)
	-------	-------
Net cash used in investing activities....................	(56,660)	(51,622)
Cash flows from financing activities		
Net increase in deposits......................................	44,694	35,672
Net (decrease) increase in short term borrowings..............	(6,500)	---
Proceeds from Federal Home Loan Bank advances.................	---	5,264
Repayments of Federal Home Loan Bank advances.................	(4,544)	(5,590)
Proceeds from other borrowings	1,500	---
Repayments of other borrowings................................	(73)	---
Cash dividends paid...	(793)	(424)
Proceeds from sale of stock and exercises of options...........	358	21
	-------	-------
Net cash from financing activities.......................	34,642	34,943
Net change in cash and cash equivalents..........................	(11,897)	(6,472)
Cash and cash equivalents at beginning of period.................	47,874	34,198
	-------	-------
Cash and cash equivalents at end of period.......................	**$35,977**	**$27,726**
	=======	=======

See accompanying notes to consolidated financial statements

MACATAWA BANK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America 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 three month period ended March 31, 2003, are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto included in Macatawa Bank Corporation’s (the “Company”) 2002 Annual Report containing financial statements for the year ended December 31, 2002.

All per share amounts and average shares outstanding have been adjusted for all periods presented to reflect the 5% stock dividend to be distributed on May 30, 2003, and the 4% stock dividend distributed on May 8, 2002.

Employee compensation expense under stock option plans is reported using the intrinsic value method. No compensation cost related to stock options was recognized during the three month periods ended March 31, 2003 and 2002, as all options granted had an exercise price equal to or greater than the market price of the underlying common stock at date of grant. Had compensation cost for stock options been measured using the fair value method, net income and basic and diluted earnings per share would have been the pro forma amounts indicated below (dollars in thousands except per share data). The pro forma effect may increase in the future if more options are granted.

	Three months ended March 31, 2003	Three months ended March 31, 2002
Net income as reported	$2,810	$1,514
Stock-based compensation cost, net of tax	(36)	(53)
Pro forma net income	2,774	1,461
Basic earnings per share as reported	.34	.26
Pro forma basic earnings per share	.33	.25
Diluted earnings per share as reported	.33	.26
Pro forma diluted earnings per share	.33	.25

NOTE 2 — PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiaries, Macatawa Bank and Grand Bank (the “Banks”) and Macatawa Bank Brokerage Services. All significant intercompany accounts and transactions have been eliminated in consolidation.

Grand Bank became a wholly-owned subsidiary effective April 1, 2002 upon the completion of the acquisition of Grand Bank Financial Corporation (“GBFC”), and its results are included in the consolidated statement of income since this date. Effective January 1, 2003, Grand Bank was merged into Macatawa Bank with the combined bank named Macatawa Bank.

NOTE 3 — NEW ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2003, the Company adopted a new accounting standard dealing with asset retirement obligations. The effect of this standard on the financial position and results of operations of the Company was not material.

NOTE 4 — ACQUISITION

On April 1, 2002, the Company completed the acquisition of Grand Bank Financial Corporation ("GBFC"), a commercial bank headquartered in Grand Rapids, Michigan. Under the terms of this transaction, the Company acquired all of the outstanding stock of GBFC in exchange for approximately 2.5 million common shares, adjusted for the 4% stock dividend paid in May 2002. The value of the common shares issued was determined using the Company's quoted market price per share at the time the terms of the acquisition agreement were agreed to and announced. Further, options to acquire GBFC stock were converted to options to acquire Company stock. The value of these options for purposes of determining the total cost to the Company for the acquisition was approximately $1.0 million. Accordingly, the total cost of the transaction considering common stock and converted options was approximately $40.8 million.

The acquisition has been accounted for using the purchase method of accounting, and, accordingly, the purchase price has been allocated to the assets purchased and the liabilities assumed based upon the estimated fair values at the date of acquisition. The purchase accounting fair value adjustments are being amortized under various methods and over the lives of the corresponding assets and liabilities. Goodwill recorded for the acquisition amounted to $23.9 million. Intangible assets recorded for the acquisition that are subject to amortization are as follows in thousands of dollars as of March 31, 2003:

	Gross Amount	Accumulated Amortization
Core deposit intangible............	$3,185	$382
Trust relationships................	478	141

The amount of goodwill recorded in this transaction relative to the smaller amounts of identified intangible assets reflects that the value of GBFC related primarily to the foundation it provides to further build our presence in the Grand Rapids market. The value of this foundation lies with the GBFC workforce, their customer service orientation and their relationships within the community. The amount of the core deposits intangible asset recorded is small relative to the total purchase price and reflects that the GBFC deposit portfolio was weighted towards higher interest rate account types.

Both the core deposits and trust relationships intangibles are being amortized on an accelerated basis over a period of ten years. Amortization expense for the three months ended March 31, 2003 was $131,000. Estimated amortization expense for the next five years is as follows in thousands of dollars:

2003..............	$484
2004..............	440
2005.............	406
2006.............	378
2007............	340

In conjunction with the acquisition, the fair values of significant assets acquired and liabilities assumed were as follows, stated in thousands of dollars:

Cash and cash equivalents	$21,390
Securities	11,070
Loans	246,344
Acquisition intangibles	27,578
Deposits	(246,060)
Other borrowings	(20,170)

The consolidated statements of income reflect the operating results of GBFC since the effective date of the acquisition. The following table presents pro forma information for the three months ended March 31 as if the acquisition of GBFC had occurred at the beginning of 2002. The pro forma information includes adjustments for the amortization of intangibles arising from the transaction, the elimination of acquisition related expenses, and the related income tax effects. The pro forma financial information is not necessarily indicative of the results of operations as they would have been had the transaction been effected on the assumed date.

	Three Months Ended March 31, 2002 (proforma)
Interest income	$14,050
Interest expense	5,959
Net interest income	8,091
Provision for loan losses	1,078
Net interest income after provision	7,013
Noninterest income	1,983
Noninterest expense	6,098
Income before federal income tax	2,898
Federal income tax expense	943
Net income	$1,955
Basic earnings per share	$.23
Diluted earnings per share	$.23

(Continued)

NOTE 5 — EARNINGS PER SHARE

A reconciliation of the numerators and denominators of basic and diluted earnings per share for the three months ended March 31, 2003 and March 31, 2002 are as follows (dollars in thousands except per share data):

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002

Basic earnings per share		
Net income	$ 2,810	$ 1,514
Weighted average common shares outstanding	8,318,420	5,796,737
Basic earnings per share	$ 0.34	$ 0.26
Diluted earnings per share		
Net income	$ 2,810	$ 1,514
Weighted average common shares outstanding	8,318,420	5,796,737
Add: Dilutive effects of assumed exercise of stock options	119,621	68,932
Weighted average common and dilutive potential common shares outstanding	8,438,041	5,865,669
Diluted earnings per share	$ 0.33	$ 0.26

Stock options for 40,110 shares of common stock were not considered in computing diluted earnings per share for the three months ended March 31, 2003 because they were antidilutive. There were no antidilutive shares for the three months ended March, 31, 2002.

(Continued)

NOTE 6 — SECURITIES

The amortized cost and fair values of securities were as follows (in thousands):

March 31, 2003	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values
Available for sale:				
U.S. Treasury securities and obligations of U. S. Government agencies	$65,420	$ 2,415	---	$ 67,835
State and municipal bonds	15,052	643	$ (28)	15,667
	$80,472	$ 3,058	$ (28)	$ 83,502
Held to maturity:				
U.S. Treasury securities and obligations of U. S. Government agencies	$ 489	$ 5	---	$ 494
State and municipal bonds	2,690	57	$ (12)	2,735
	$ 3,179	$ 62	$ (12)	$ 3,229

December 31, 2002	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values

Available for sale:				
U. S. Treasury securities and obligations of U. S. Government agencies.........	$67,747	$ 2,752	$ (1)	$ 70,498
State and municipal bonds................	15,050	611	(50)	15,611
	$82,797	$ 3,363	$ (51)	$ 86,109
Held to maturity:				
U.S. Treasury securities and obligations of U. S. Government agencies.........	$ 1,369	$ 12	---	$ 1,381
State and municipal bonds................	2,692	79	(12)	2,759
	$4,061	$ 91	$ (12)	$ 4,140

Contractual maturities of debt securities at March 31, 2003 were as follows (in thousands). 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.

	Held to Maturity Securities		Available for Sale Securities	
	Amortized Cost	Fair Values	Amortized Cost	Fair Values
Due less than one year........	$437	$441	$22	$22
Due one year to five years	52	53	62,625	65,004
Due five years to ten years...	640	631	6,482	6,811
Due after ten years...........	2,050	2,104	11,343	11,665
Total	$3,179	$3,229	$80,472	$83,502

(Continued)

NOTE 7 – LOANS

Loans were as follows (in thousands):

	March 31, 2003	December 31, 2002
Commercial..	$369,546	$341,370
Commercial mortgage...	369,642	356,310
Residential mortgage..	146,790	133,843
Consumer..	129,176	129,515
	1,015,154	961,038
Allowance for loan losses.....................................	(14,163)	(13,472)
	$1,000,991	$947,566

Activity in the allowance for loan losses was as follows (in thousands):

	Three months ended March 31, 2003	Three months ended March 31, 2002
Balance at beginning of period.	$13,472	$7,699
Provision for loan losses....	995	705

Charge-offs	(308)	(377)
Recoveries	4	147
Balance at end of period	$14,163	$8,174

NOTE 8 – DEPOSITS.

Deposits are summarized as follows (in thousands):

	March 31, 2003	December 31, 2002
Noninterest-bearing demand deposit accounts	110,256	$103,030
Money market accounts	249,391	237,636
NOW and Super NOW accounts	128,815	140,822
Savings accounts	31,072	28,730
Certificates of deposit	446,033	410,655
	$965,567	$920,873

(Continued)

NOTE 9 – FEDERAL HOME LOAN BANK BORROWINGS

Advances from the Federal Home Loan Bank were as follows (in thousands):

	March 31, 2003	December 31, 2002
Maturities from April 2003 through December 2010, rates from 1.80% to 6.95%, averaging 5.20%	$102,353	
Maturities from March 2003 through December 2010, rates from 1.80% to 6.95%, averaging 5.19%		$106,897

Each advance is payable at its maturity date and contains a prepayment penalty. These advances were collateralized by securities totaling $66,786,000 and $70,768,000 at March 31, 2003 and December 31, 2002, and first mortgage loans totaling $99,394,000 and $95,530,000 under a blanket lien arrangement at March 31, 2003 and December 31, 2002, respectively.

Maturities as of March 31, 2003 were as follows (in thousands):

2003	$29,454
2004	22,576
2005	17,500
2006	---
2007	---
Thereafter	32,823
	$102,353

NOTE 10 – HEDGING ACTIVITIES

The Company has asset/liability management policies that include guidelines for measuring and monitoring interest rate risk. Within these guidelines, parameters have been established for maximum fluctuations in net interest income. Possible fluctuations are measured and monitored using simulation modeling. The policies provide for the use of derivative instruments and hedging activities to aid in managing interest rate risk to within the policy parameters.

The Company’s assets are comprised of a large portion of loans on which the interest rates are variable. As such, the Company may periodically enter into derivative financial instruments to mitigate exposure to fluctuations in cash flows resulting from changes in interest rates. Interest rate swap arrangements may be utilized to hedge against these fluctuations in cash flows.

In May 2002 the Company entered into a three-year interest rate swap arrangement that converts the variable rate cash inflows on certain of its loans to fixed rates of interest. This interest rate swap bears a notional amount of $20 million, pays interest to the Company at a fixed rate, and requires interest payments from the Company at a variable rate. It is anticipated that approximately $304,000 net of tax, of unrealized gains on this cash flow hedge at March 31, 2003 will be reclassified to earnings over the next twelve months.

NOTE 11 — REGULATORY MATTERS

The Company and the Banks 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 March 31, 2003 and December 31, 2002, actual capital levels and minimum required levels for the Company and the Banks were (in thousands):

	Actual		Minimum Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
March 31, 2003						
Total capital (to risk weighted assets)						
Consolidated	$100,602	9.7%	$83,010	8.0%	$103,763	10.0%
Macatawa Bank	105,626	10.3	82,244	8.0	102,805	10.0
Tier 1 capital (to risk weighted assets)						
Consolidated	87,632	8.5	41,505	4.0	62,258	6.0
Macatawa Bank	88,275	8.6	41,122	4.0	61,683	6.0
Tier 1 capital (to average assets)						
Consolidated	87,632	7.6	43,216	4.0	57,832	5.0
Macatawa Bank	88,275	7.7	31,566	4.0	57,641	5.0
December 31, 2002						
Total capital (to risk weighted assets)						
Consolidated	$97,449	9.9%	$78,860	8.0%	$98,576	10.0%
Macatawa Bank	71,618	10.0	57,197	8.0	71,496	10.0
Grand Bank	28,879	10.7	21,628	8.0	27,035	10.0
Tier 1 capital (to risk weighted assets)						
Consolidated	85,127	8.6	39,430	4.0	59,145	6.0
Macatawa Bank	62,681	8.8	28,599	4.0	42,898	6.0
Grand Bank	21,000	7.8	10,814	4.0	16,221	6.0
Tier 1 capital (to average assets)						
Consolidated	85,127	7.6	44,657	4.0	55,821	5.0
Macatawa Bank	62,681	7.7	32,628	4.0	40,785	5.0
Grand Bank	21,000	7.1	11,879	4.0	14,849	5.0

The Banks were categorized as well capitalized at March 31, 2003 and year-end 2002.

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

Macatawa Bank Corporation is a Michigan corporation and is the holding company for two wholly owned subsidiaries, Macatawa Bank and Macatawa Bank Brokerage Services. Effective January 9, 2002, Macatawa Bank Corporation elected to become a financial holding company pursuant to Title I of the Gramm-Leach-Bliley Act. Macatawa Bank commenced operations on November 25, 1997. On April 1, 2002 Macatawa Bank Corporation acquired Grand Bank Financial Corporation ("GBFC") and its wholly owned banking subsidiary, Grand Bank. Its results are included in the consolidated statements of income since this effective date. Grand Bank was formed in 1987 and operated from a single location in Grand Rapids, Michigan. Both Macatawa Bank and Grand Bank are Michigan chartered banks with depository accounts insured by the Federal Deposit Insurance Corporation. To achieve further synergies from the Grand Bank acquisition, the Company merged Grand Bank into Macatawa Bank effective January 1, 2003 with the combined bank named Macatawa Bank. The bank operates seventeen branch offices and three lending and operational service facilities, providing a full range of commercial and consumer banking and trust services in Kent County, Ottawa County, and northern Allegan County, Michigan. Macatawa Bank Brokerage Services was formed in October 2001 and gained approval in June 2002 from NASD to commence operations as a broker/dealer. Macatawa Bank Brokerage Services provides various brokerage services including discount brokerage, personal financial planning and consultation regarding mutual funds. Macatawa Bank Mortgage Company, a subsidiary of Macatawa Bank, originates and sells residential mortgage loans into the secondary market on a servicing released basis.

While maintaining asset quality and improving profitability, we have experienced rapid and substantial growth since opening Macatawa Bank in November 1997. We first became profitable in 1999 with net income for that year of $693 thousand. Net income for 2000 was $3.3 million, for 2001 was $5.1 million, and for 2002 was $9.5 million. Since our inception in 1997 we have raised approximately $60.6 million in capital through private and public common stock offerings to facilitate our growth and progress over these years. In conjunction with the acquisition of GBFC we issued 2,472,000 shares of stock in exchange for all of the outstanding stock of GBFC.

The West Michigan markets within which we operate are growing markets. Because of their growth and our ability to provide highly personalized service, these markets have provided significant expansion opportunities for us. In addition, acquisitions of banks within our markets by large banking institutions headquartered far away have provided us additional opportunity to gain market share. Grand Rapids is the largest market within West Michigan. It is also where we hold the lowest percent share of the market relative to the other markets within which we operate, and therefore presents great opportunity. In November 2002 we opened a new branch in Grand Rapids, and in Wyoming we opened an expanded branch allowing us to move from a small storefront office. We have continued this expansion focus in 2003 and expect to open at least three new branches in other desirable locations within our market area. The construction of a new branch in Grandville replacing a storefront location is progressing well and is expected to open late in the second quarter. We began construction in April for a location on the northeast side of Grand Rapids and will begin construction during the second quarter for a branch on the north side of Holland. We anticipate that we will continue to experience growth in our balance sheet and in our earnings due to these expansion opportunities.

Financial Condition

The consolidated financial statements include the effect of the acquisition of GBFC which was effective April 1, 2002. A schedule of the significant GBFC assets and liabilities acquired is contained in Note 4 to the Consolidated Financial Statements.

The acquisition was accounted for using the purchase method of accounting. As a result, certain purchase accounting adjustments were required to record the acquired assets and liabilities at market value. The value of the purchase accounting adjustments is being amortized over the respective lives of the varying assets and liabilities.

Based on SFAS 142, “Goodwill and Other Intangible Assets”, we have recorded intangible assets for the estimated value of core deposit accounts and trust customer accounts acquired in the acquisition. The intangible values represent the present value of the estimated net revenue streams attributed to the respective intangibles. The intangible assets acquired are valued using certain assumptions for alternative cost of funds, lives of respective core deposits or trust customers, discount rates and other applicable assumptions. The total of both core deposit intangibles and trust customer intangibles was $3.7 million, and is being amortized on an accelerated basis over 10 years.

The balance of the acquisition price in excess of the fair market value of assets and liabilities acquired, including intangible assets, was recorded as goodwill and totaled $23.9 million. Under SFAS 142, goodwill is defined as an intangible asset with an indefinite useful life, and as such, is not amortized, but is required to be tested annually for impairment of the value. If impaired, an impairment loss must be recorded for the value equal to the excess of the asset’s carrying value over its fair value.

The amount of goodwill recorded in this transaction relative to the smaller amounts of identified intangible assets and lack of intangibles related to loan and deposit customer lists reflects that the value of GBFC related primarily to the foundation it provides to further build our presence in the Grand Rapids market. The value of this foundation lies with the GBFC workforce, their customer service orientation and their relationships within the community. The amount of the core deposits intangible asset recorded is small relative to the total purchase price and reflects that the GBFC deposit portfolio was weighted towards higher interest rate account types.

Our total assets were $1.21 billion at March 31, 2003, an increase of $32.9 million as compared to $1.18 billion at December 31, 2002. We believe the continued strong asset growth reflects the acceptance of our community banking philosophy in the growing communities we serve. Our asset growth consists primarily of growth in our loan portfolio as we continue to attract new loan customers despite the strong competition from other locally based community banks and larger regional banks.

Our total portfolio loans at March 31, 2003 were $1,015.2 million, an increase of $54.1 million as compared to $961.0 million at December 31, 2002. Most of the growth was in commercial and commercial real estate loans. Commercial and commercial real estate loans accounted for approximately 73% of the total loan portfolio at March 31, 2003 and at December 31, 2002. Consumer loans comprised 13% of the portfolio, while residential mortgage loans were 14% of total loans at March 31, 2003.

The allowance for loan losses as of March 31, 2003 was $14.2 million, or 1.40% of total portfolio loans, compared to $13.5 million, or 1.40% of total loans at December 31, 2002. Our allowance for loan losses is maintained at a level management considers appropriate based upon our regular, quarterly assessments of the probable estimated losses inherent in the loan portfolio. Our methodology for measuring the appropriate level of allowance relies on several key elements, which include specific allowances for identified problem loans, formula allowance for graded loans, and general allocations based on historical trends for pools of similar loan types.

Specific allowances are established in cases where senior credit management has identified significant conditions or circumstances related to an individually impaired credit that we believe indicates the probability that a loss has been incurred. This amount is determined by methods prescribed by SFAS No. 114, “Accounting by Creditors for Impairment of a Loan”. As of March 31, 2003 and December 31, 2002 the specific allowance was $1.9 million and $883,000, respectively.

The formula allowance is calculated by applying loss factors to outstanding loans based on the internal risk grade of such loans. We use a loan rating method based upon an eight point system. Loans are assigned a loss allocation factor for each loan classification category. The lower the grading assigned to a loan category, the greater the allocation percentage that is applied. Changes in risk grade of both performing and nonperforming loans affect the amount of the formula allowance. Loss factors are based on our loss experience, the banking industry’s historical loan loss experience, and may be adjusted for significant factors that, in management’s judgement, affect the collectibility of the portfolio as of the analysis date. As of March 31, 2003 and December 31, 2002 the formula allowance was $10.0 million and $10.1 million, respectively.

Groups of homogeneous loans, such as residential real estate, open- and closed-end consumer loans, etc., receive an allowance allocation based on loss trends. In lieu of an established loan loss trend for Macatawa Bank, we use historical loss trends based on industry experience and peers in determining an adequate allowance for these pools of loans. General economic and business conditions, credit quality trends, collateral values, seasoning of the portfolios and recent loss experience are conditions considered in connection with allocation factors for these similar pools of loans. Since Grand Bank’s loan portfolio is seasoned, its loan loss trends are used in determining an adequate allowance for these pools of loans in addition to industry experience and peer information. As of March 31, 2003 and December 31, 2002 the general allowance was $1.4 million and $1.5 million respectively.

During the three months ended March 31, 2003 the allowance for loan losses increased by $691,000 due to an increase in the specific allowance and continuing growth in the loan portfolio. The specific allowance increased as two loan relationships were moved from the formula allowance to the specific allowance due to worsening credit conditions of these specific customers. This reclassification caused a reduction in the formula allowance that fully offset an increase to this allowance due to continuing growth in the commercial loan portfolio during the quarter. Asset quality was stable during the three months ended March 31, 2003 with the ratio of nonperforming loans to total loans of .28% compared to .29% at December 31, 2002. The continued increase in the allowance was deemed necessary despite the stability in nonperforming loans to total loans given the growth in loans, the unseasoned nature of our portfolio and current soft economic conditions both on a national basis and locally.

Net charge-offs for the three months ended March 31, 2003 totaled $304,000 as compared to $230,000 for the same period in 2002. Although the amount of net charge-offs was higher, the ratio of net charge-offs to total loans decreased to .03% for the quarter ended March 31, 2003 compared to .04% for the prior year first quarter. Our credit losses on loans continue to be low relative to comparable banks. 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 and potential economic weakness, in our judgment, we have provided adequate reserves for loan losses, although there can be no assurance that the allowance for losses on loans will be adequate to cover all losses. For the balance of the year we anticipate net charge-offs to continue at levels consistent with the first quarter due to the overall weakness in the economy.

Premises and equipment totaled $30.6 million at March 31, 2003, an increase of $4.9 million from December 31, 2002. The increase resulted from costs incurred with continuing construction for the company’s 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. This new facility is near completion and it is expected that employees will be fully moved in by the middle of May. The new branch site allows us to replace a leased storefront branch site in Grandville with a full service branch in a more favorable location.

Total deposits increased $44.7 million to $965.6 million at March 31, 2003, as compared to $920.9 million at December 31, 2002. Categories of deposit accounts experiencing growth included noninterest-bearing demand deposits, money markets, savings, and certificates of deposit. This growth in deposits was substantially a result of deposits from new customers. We continue to anticipate strong deposit growth based on our focus on quality customer service, the desire of customers to deal with a local bank, convenient accessibility through our growing branch network and our expanded opportunities in the Grand Rapids market as a result of the GBFC acquisition. Our NOW accounts experienced a seasonal decline during the first quarter but are expected to gradually increase during the remainder of the year due to these growth opportunities.

Results of Operations

The effective date of the GBFC acquisition was April 1, 2002 and therefore the results of operations for the first quarter of 2002 did not include the effect of GBFC and Grand Bank. For pro forma information concerning the GBFC acquisition, please refer to Note 4 to the Consolidated Financial Statements.

Net income for the quarter ended March 31, 2003 was $2.8 million, an increase of 86% over the first quarter 2002 net income of $1.5 million. Diluted earnings per share for the first quarter of 2003 was $.33, a 27% increase over the first quarter of the prior year, reflecting both the increase in earnings but also the increase in outstanding shares. Average diluted shares outstanding increased by 44% over the first quarter of the prior year resulting from the issuance of common shares to acquire GBFC.

Net interest income for the first quarter of 2003 totaled $9.6 million, a 56% increase as compared to $6.2 million for the comparable period in 2002. The net interest income growth was driven entirely by growth in our earning assets. Average earning assets during the first quarter totaled $1.10 billion, as compared to $647.9 million during the same quarter in 2002. The acquisition of GBFC contributed $280.2 million to this increase in earning assets, however, the remaining $169.8 million was a result of our continued, steady growth. Net interest margin on earning assets was 3.54% for the first quarter of 2003, down from 3.83% in the first quarter of 2002. The contraction in the net interest margin for the quarter relates primarily to the lower net interest margin that GBFC carried compared to Macatawa, but also reflects a decrease in yield on earning assets resulting from the lowest prime rate level in over 40 years. We have continued to see strong loan growth, primarily in commercial loans, but customer preferences have been for floating rate loans that bear interest rates on average of 175 basis points lower than fixed rate commercial loans. Nearly 80% of our loan growth in the first quarter was comprised of variable rate loans. This preference has altered our mix of variable versus fixed rate commercial loans to 2.3:1 as of March 31, 2003 compared to 1.8:1 as of March 31, 2002 and has contributed to the decline in net interest margin.

Anticipated growth in earning assets is expected to continue to increase levels of net interest income. However, net interest margin is not expected to increase until customer preferences turn back to fixed rate products or short-term interest rates begin to rise. Helping margin, maturities in our certificate of deposit portfolio continue to re-price at lower levels, however, to a lesser extent than during 2002. Derivative instruments as discussed in Note 10 to the consolidated financial statements have also mitigated some of the decline in net interest margin.

The following table shows an analysis of net interest margin for the three-month periods ending March 31, 2003 and 2002.

	For the three months ended March 31,					
	2003			2002		
	Average Balance	Interest Earned or paid	Average Yield Or cost	Average Balance	Interest Earned Or paid	Average Yield or cost
			(Dollars in thousands)			
Assets						
Taxable securities	$68,518	$ 850	4.95%	$55,213	$ 780	5.69%
Tax-exempt securities (1)	17,742	204	7.12%	9,534	109	7.02%
Loans	1,000,002	14,267	5.72%	574,590	9,560	6.67%
Fed funds sold	3,363	10	1.17%	3,289	14	1.67%
Federal Home Loan Bank stock	5,399	77	5.74%	3,782	59	6.25%
Total interest earning assets	1,095,024	15,408	5.68%	646,408	10,522	6.56%
Noninterest earning assets						
Cash and due from banks	30,805			28,226		
Other	56,679			17,693		
Total assets	$1,182,508			$692,327		
Liabilities						
NOWs and MMDAs	$381,41	1,069	1.14%	$245,797	1,006	1.66%
Savings	29,101	37	.51%	19,352	48	1.00%
IRAs	24,642	239	3.94%	14,093	176	5.08%
Time deposits	407,027	3,282	3.27%	202,990	2,123	4.24%
Fed funds borrowed	8,953	32	1.41%	3,450	17	1.97%
Other borrowings	111,322	1,141	4.10%	75,475	995	5.27%

Total interest bearing liabilities.....	962,457	5,800	2.44%	561,157	4,365	3.14%
Noninterest bearing liabilities						
Noninterest bearing demand accounts....	97,417			60,103		
Other noninterest bearing liabilities..	6,757			3,634		
Shareholders' equity....................	115,877			67,433		
Total liabilities and shareholders' equity.............................	$1,182,508			$692,327		
Net interest income.....................		$9,608			$6,157	
Net interest spread.....................			3.24%			3.42%
Net interest margin.....................			3.54%			3.83%
Ratio of average interest earning assets to Average interest bearing liabilities...		113.77%		115.19%		

(1) Yield adjusted to fully tax equivalent.

The provision for loan losses for the three month period ended March 31, 2003 was $995,000 as compared to $705,000 for the same period in the prior year. The amount of loan loss provision in both periods was a byproduct of establishing our allowance for loan losses at levels deemed necessary in our methodology for determining the adequacy of the allowance. For more information about our allowance for loan losses and our methodology for establishing its level, see the earlier discussion under Financial Condition. Along with other financial institutions, management shares a concern for the possible continuing weak economic conditions. Should the economic climate remain soft, borrowers may experience more difficulty in making loan payments, and the level of non-performing loans, charge-offs, and delinquencies could rise and require further increases in the provision.

Noninterest income for the three month period ended March 31, 2003 was $2.3 million as compared to $970,000 for the same period in the prior year. Most components of noninterest income increased compared to the prior year. The increased deposit service charge income is reflective of the expanded customer account base. Gain on sale of mortgage loans increased due to the continued refinancing activity from the low interest rate environment and the additional loan sale volume from Grand Bank. With long-term rates decreasing once again during the first quarter, we anticipate that our pipeline of mortgages is sufficient to sustain the level of mortgage sale gains we have experienced through the second quarter of this year. While mortgage interest rates remain at low levels, it is expected that refinance activity will slow down resulting in a possible decline in our loan sales volume during the latter half of 2003. Trust fee income increased dramatically compared to the prior year primarily due to the addition of Grand Bank’s trust services. We continue to have success in building new trust customer relationships. Since trust fees are based upon the value of trust assets, the growth in customer relationships should result in increased fees; however, the increases due to new relationships are being offset by asset value decreases resulting from stock market declines experienced throughout 2002.

Noninterest expense totaled $6.7 million for the three month period ended March 31, 2003 as compared to $4.2 million for the same period in the prior year. Salaries and benefits increased by $1.4 million for the quarter and was the primary category of increase in noninterest expense. Most of the increase relates to the addition of the Grand Bank workforce, however, our continued growth has required additional staff as compared to the 2002 period. The staff growth reflects the expansion required to handle the growing lending portfolios and operational personnel necessary to support increased customer activity. Other increases included occupancy and equipment expense, data processing, and other support related expenses, such as courier, telephone, postage, outside services and legal services, all of which increased partially due to the GBFC acquisition. Most of these costs are customer activity and branch infrastructure related, and increase as a result of new customer activity being generated. Others of these costs such as legal and other outside services increase due to the growth in complexity of our business as we continue to expand. Noninterest expense increased by 60% for the quarter whereas net interest income and noninterest income in total grew by 67%. The greater revenue growth versus expense growth resulted in an improved efficiency ratio of 56.1% for the quarter as compared to 58.6% for the first quarter of the prior year. This improvement is a direct result of synergies achieved in the GBFC acquisition as well as continued better capacity usage of the branch network and operations.

Liquidity and Capital Resources

At March 31, 2003, our Tier I Capital as a percent of average assets was 7.6%, and our total capital to risk-weighted assets was 9.7%, as compared to 7.6% and 9.9% respectively at December 31, 2002. The decrease in the risk-based regulatory capital ratio reflects our continued internal growth in assets. Additional capital may be required within the next year if our growth continues at its current pace.

We declared our first cash dividend during the fourth quarter of 2000 in the amount of $.07 per share. We subsequently paid a quarterly cash dividend of $.07 per share during 2001. During the fourth quarter of 2001, the cash dividend was increased to $.08 per share and had continued at this level during 2002. During the fourth quarter of 2002 we increased the cash dividend to $.10 per share and paid this same amount for the first quarter 2003 cash dividend. It is anticipated that we will continue to pay quarterly cash dividends in the future. On May 8, 2002, we distributed a 4% stock dividend to our shareholders which was an increase over the 3% dividend paid in May of 2001. On April 24, 2003 we announced our third consecutive annual stock dividend and raised the amount to 5%. This new stock dividend will be paid on May 30, 2003 to shareholders of record as of May 14, 2003. All per share and average share information in this report has been adjusted to reflect the effect of this dividend.

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. Our sources of liquidity include loan payments by our borrowers, maturity and sales of securities available for sale, growth of deposits and deposit equivalents, federal funds sold, our borrowings from the Federal Home Loan Bank, and our issuance of common stock. Liquidity management involves the ability to meet the cash flow requirements of our customers. Our customers may be either borrowers with credit needs or depositors wanting to withdraw funds. We feel our liquidity position is sufficient to meet these needs.

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 our transactions are denominated in U.S. dollars with no specific foreign exchange exposure. Macatawa Bank 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.

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 March 31, 2003..........

	<3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Assets:					
Fixed rate loans....................	$ 38,730	$67,942	$206,736	$31,304	$344,712
Variable rate loans.................	636,274	2,220	26,964	4,984	670,442
Taxable securities..................	2,295	6,390	56,621	3,018	68,324
Tax-exempt securities...............	---	---	---	18,357	18,357
Other securities....................	---	---	---	5,391	5,391
Short term investments..............	---	---	---	---	---
Federal funds sold..................	---	---	---	---	---
Loan Loss Reserve...................	---	---	---	---	(14,163)
Cash & due from banks...............	---	---	---	---	35,977
Acquisition intangibles.............	---	---	---	---	27,055
Loans held for sale.................	---	---	---	---	12,308
Fixed assets........................	---	---	---	---	30,617
Other assets........................	---	---	---	---	10,484
Total	$677,299	$ 76,552	$290,321	$63,054	$1,209,504
Liabilities:					
Time deposits $100,000 and over.....	59,277	107,080	113,739	--	280,096
Time deposits under $100,000	16,957	59,406	64,360	--	140,723
Other borrowings....................	44,864	8,835	36,402	32,115	122,216
Savings & IRAs......................	34,410	6,733	15,143	--	56,287
NOW & money market accounts	378,205	---	---	--	378,205
Non-Interest Bearing Deposits.......	---	---	---	--	110,256
Other Liabilities & Equity..........	---	---	---	--	121,721
Total	$533,713	$182,054	$229,644	$32,115	$1,209,504
Period interest rate gap:...........	143,586	(105,502)	60,677	30,939	
Cumulative interest rate gap:.......	143,586	38,084	98,761	129,700	
Cumulative interest rate gap to total assets.....................	11.87%	3.15%	8.17%	10.72%	
Rate sensitive assets to rate sensitive liabilities.............	1.27	0.42	1.26	1.96	
Cumulative rate sensitive assets to rate sensitive liabilities........	1.27	1.05	1.10	1.13	

The above table shows that total assets maturing or repricing within one year exceeded liabilities maturing within the same time period by $38.1 million indicating that we are asset sensitive in this time horizon. However, repricing and cash flows of various categories of assets and liabilities are subject to competitive and other influences that are beyond our control. Gap analysis also does not reflect the magnitude of interest rate changes on net interest income as a result of the various assets and liabilities shown as re-priceable within twelve months. As a result, various 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. We also include pricing caps and floors on discretionary priced liability products which limit both how low various checking and savings products could go under declining interest rates, as well as how high they could go in a rising interest rate environment. These caps and floors reflect our pricing philosophy in response to changing interest rates.

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 risk parameters. The quarterly rate simulation results are reported to the board of directors. The simulation also measures the change in the Economic Value of Equity. This represents the change in the net present value of our assets and liabilities under the same parallel shifts in interest rates, as calculated by discounting the estimated future cash flows using a market-based discount rate. Cash flow estimates incorporate anticipated changes in prepayment speeds of loans and securities.

The following table shows the suggested impact on net interest income over the next twelve months, and the Economic Value of Equity based on our balance sheet as of March 31, 2003 (dollars in thousands).

Interest Rate Scenario	Economic Value of Equity	Percent Change	Net Interest Income	Percent Change
Interest rates up 200 basis points	$106,795	5.25%	$43,575	11.75%
Interest rates up 100 basis points	105,462	3.94	41,282	5.87
No change in interest rates	101,466		38,994	
Interest rates down 100 basis points	98,261	(3.16)	36,683	(5.93)
Interest rates down 200 basis points	98,917	(2.51)	33,659	(13.68)

The net interest income fluctuations in the above table reiterate our asset sensitive position identified by the gap table. If interest rates were to increase, this analysis suggests that we are well positioned for improvements in net interest income. Further, our balanced sensitivity in time horizons beyond one year results in little fluctuation in economic value of equity in the various rate shock scenarios.

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; and client preferences.

Item 4: Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. The company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15d-14(c)) as of a date within 90 days of the filing date of this Form 10-Q Quarterly Report (the "Evaluation Date"), have concluded that as of the Evaluation Date, the company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the company would be made known to them by others within the company, particularly during the period in which this Form 10-Q Quarterly Report was being prepared.

(b) Changes in Internal Controls. There were no significant changes in the company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of the most recent evaluation, nor any significant deficiencies or material weaknesses in such internal controls requiring corrective actions. As a result, no corrective actions were taken.

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.

None.

Item 5. Other Information.

The Audit Committee of the Board of Directors approved the categories of all non-audit services performed by the company's independent accountants during the period covered by this report.

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

(a) Exhibits -

99.1 Certificate of the Chief Executive Officer of Macatawa Bank Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certificate of the Senior Vice President and Chief Financial Officer of Macatawa Bank Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(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 March 31, 2003, 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/ Jon Swets

Jon Swets
Chief Financial Officer
(Principal Financial and Accounting Officer)

DATE: May 12, 2002

CERTIFICATIONS

I, Benj. A. Smith, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Macatawa Bank Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

/s/ Benj. A. Smith, III

Benj. A. Smith, III
Chief Executive Officer

I, Jon Swets, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Macatawa Bank Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

/s/ Jon Swets

Jon Swets
Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
99.1	Certificate of the Chief Executive Officer of Macatawa Bank Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certificate of the Senior Vice President and Chief Financial Officer of Macatawa Bank Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 99-1

I, Benj. A. Smith III, Chief Executive Officer of Macatawa Bank Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003 which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) the information contained in the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003 fairly presents, in all material respects, the financial condition and results of operations of Macatawa Bank Corporation.

Dated: May 12, 2003

/s/ Benj. A. Smith, III

Benj. A. Smith, III
Chief Executive Officer

EXHIBIT 99-2

I, Jon Swets, Senior Vice President and Chief Financial Officer of Macatawa Bank Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003 which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) the information contained in the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003 fairly presents, in all material respects, the financial condition and results of operations of Macatawa Bank Corporation.

Dated: May 12, 2003

/s/ Jon Swets

Jon Swets
Senior Vice President and Chief Financial Officer