MACATAWA BANK CORP
Form 424B3
May 10, 2011

Filed pursuant to Rule 424(b)(3)
Registration No. 333-172021

17,826,086 Shares

Common Stock
Subscription Rights to Purchase Shares of Common Stock

We are distributing to our shareholders, free of charge, non-transferable subscription rights to purchase shares of our common stock. This is called the "rights offering." You will receive one right to purchase one share of common stock for each whole share of common stock that you hold of record as of 5:00 p.m., Eastern Time, on May 2, 2011. There is no over-subscription privilege. Shareholders who wish to purchase additional shares in the offering may submit an expression of interest to participate in the public offering. Subscription rights may not be sold, transferred or assigned to anyone else and will not be listed for trading on any stock exchange or trading market. We are offering for sale a total of 17,826,086 shares of common stock in the offering. **The exercise of subscription rights is irrevocable and may not be cancelled or modified.** We are also offering to sell to the public any shares offered but not sold in the rights offering. This is called the "public offering." The public offering and the rights offering are collectively referred to in this prospectus as the "offerings."

We intend to use a portion of the net proceeds of the offerings to contribute to the capital of the Bank to increase the Bank's capital and regulatory capital ratios and for general corporate purposes, including funding organic loan growth and long-term strategic opportunities. A portion of the net proceeds of the offerings will be retained by the Company to pay its continuing operating expenses while the Company is unable to fund those expenses with dividends from the Bank.

The purchase price for shares in the rights offering and in the public offering is $2.30 per share. Subscription rights will expire at 5:00 p.m., Eastern Time, on June 7, 2011, and the public offering will terminate at 5:00 p.m., Eastern Time, on June 20, 2011, unless we extend either or both offering periods in our discretion. Neither the rights offering nor the public offering is an underwritten offering. Our shares of common stock are being offered directly by us without the services of an underwriter or selling agent. Our common stock is traded on The Nasdaq Global Select Market under the ticker symbol "MCBC." The last reported sales price of our common stock on The Nasdaq Global Select Market on April 29, 2011 was $2.59 per share. The average of the last reported sale prices during the 30 trading days before May 2, 2011, the date on which our Board of Directors determined the offering price, was $2.70 per share. We intend to list the shares of common stock issued in the offerings on The Nasdaq Global Select Market under the same ticker symbol. We have engaged Registrar and Transfer Company to serve as subscription agent and Eagle Rock Proxy Advisors, LLC to serve as information agent for the rights offering. The subscription agent will hold in escrow the funds we receive from subscribers in the rights offering until we complete or cancel the rights offering.

Investing in our common stock involves risks. The rights offering does not contain a minimum subscription condition. Shareholders who subscribe may continue to own shares in the Company when it and the Bank do not satisfy all minimum regulatory capital requirements. Failure to meet minimum regulatory capital requirements could result in significant enforcement actions against the Company and the Bank,

including a regulatory takeover of the Bank, in which case shareholders would receive little if anything for their investment. See "Risk Factors" beginning on page 23.

	Per Share	Total
Offering price	$ 2.30	$ 41,000,000
Proceeds to Macatawa Bank Corporation (before expenses) (1)	2.30	41,000,000

(1) Based on all shares offered being sold. No assurance can be given that all or any of the shares will be sold.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense. The shares of common stock are not savings accounts, deposits or other obligations of a bank or savings institution and are not insured by the Federal Deposit Insurance Corporation or any other government agency.

The date of this prospectus is May 10, 2011

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in or incorporated by reference into this prospectus and any "free writing prospectus" we authorize to be delivered to you. We have not authorized anyone to provide you with additional information or information different from that contained in or incorporated by reference into this prospectus and any free writing prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. To the extent information in this prospectus and any free writing prospectus is inconsistent with any of the documents incorporated by reference into this prospectus and any free writing prospectus, you should rely on this prospectus and any free writing prospectus. You should assume that the information contained in or incorporated by reference into this prospectus and any free writing prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

You should read this prospectus, all of the information incorporated by reference into this prospectus and the additional information about us described in the section entitled "Where You Can Find More Information" before making your investment decision. In this prospectus, we present and refer to information and statistics regarding the banking industry and the banking market in Michigan. We obtained this market data from independent publications or other publicly available information and are not responsible for the accuracy of our sources.

No action is being taken in any jurisdiction outside the United States to permit a public offering of our common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about, and to observe, any restrictions as to the offerings and the distribution of this prospectus applicable to those jurisdictions.

As used in this prospectus, the terms "we," "our," "us," "MCBC," "Macatawa," and the "Company" refer to Macatawa Bank Corporation and its consolidated subsidiary, unless the context indicates otherwise. References to the "Bank" refer to Macatawa Bank, a wholly owned subsidiary of Macatawa Bank Corporation.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in, or incorporated by reference into, this prospectus. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in our common stock. Before making an investment decision, you should read this entire prospectus, including the "Risk Factors" section, and the documents incorporated by reference into this prospectus, which are described below under "Incorporation of Certain Information by Reference" on page 54.

Overview

Macatawa Bank Corporation is a Michigan corporation and a registered bank holding company. Macatawa's business is concentrated in a single industry segment - commercial banking. Through its wholly-owned subsidiary, Macatawa Bank, Macatawa offers a full range of commercial and personal banking services, including checking, savings and certificates of deposit accounts, cash management, safe deposit boxes, trust services and commercial, mortgage and consumer loans through its twenty-six branch offices and a lending and operation service facility in Ottawa County, Kent County and northern Allegan County, Michigan. Other services we offer include ATMs, internet banking, telephone banking and debit cards. Macatawa Bank provides various brokerage services, including discount brokerage through Infinex, personal financial planning and consultation regarding mutual funds.

The Bank was formed in 1997 and until 2009 our strategy has been to profitably grow our business based upon our mission to attract clients who prefer to conduct business with a locally managed institution that demonstrates an active interest in their business and personal financial affairs, places high priority on local decision-making and contributes financial and employee support to community initiatives. Beginning in late 2009, our strategic direction and focus has turned from growth to improving our internal operations, including complying with the Consent Order, working out of problem loans and assets and returning the Company to profitable operations.

At March 31, 2011, we had total assets of $1.56 billion, total loans of $1.15 billion, total deposits of $1.26 billion and shareholders' equity of $69.2 million. During the first quarter of 2011, we recognized net income of $1.3 million, compared to a net loss of $21.1 million in the first quarter of 2010. During the fourth quarter of 2010, we recognized net income of $835,000 compared to a net loss of $9.2 million in the fourth quarter of 2009. During the third quarter of 2010, we recognized net income of $703,000 compared to a net loss of $19.9 million in the third quarter of 2009. During the second quarter of 2010, we recognized net income of $1.7 million compared to a net loss of $30.4 million in the second quarter of 2009. This represents four consecutive quarters of profitability following six consecutive quarters of net losses.

During 2008 and 2009, Macatawa reported operating losses of $38.9 million and $63.6 million, respectively. The losses for 2008 and 2009 were largely attributable to loan losses, lost interest on nonperforming assets and rising costs of administering problem assets associated with the rapid increase in problem loans and other real estate assets. Losses in 2009 included the establishment of a tax valuation allowance and losses in 2008 included the write-off of goodwill. The loan and problem asset related losses continued in the first quarter of 2010, as the Company reported a net loss of $21.1 million for that quarter.

In February 2010, Macatawa Bank entered into a Consent Order with the Federal Deposit Insurance Corporation ("FDIC") and the Michigan Office of Financial and Insurance Regulation ("OFIR"), in which the Bank agreed to increase management and board oversight, improve process and controls, limit lending to certain borrowers, obtain regulatory approval of future dividends, and improve regulatory capital ratios. Please see "Consent Order with Macatawa Bank and its Regulators" below for more information regarding the Consent Order. In July 2010, the

Company entered into a Written Agreement with the Federal Reserve Bank of Chicago ("FRB"). Among other things, the Written Agreement provides that the Company must take appropriate steps to utilize its financial and managerial resources to serve as a source of strength to Macatawa Bank and the Company may not declare or pay any dividends without the prior written consent of the FRB. Please see "Written Agreement with the Company and its Regulator" below for more information regarding the Written Agreement.

The Board of Directors of Macatawa has significantly changed the strategic direction and focus of the Bank to improve its internal operations and to work out of its problem loans and assets. During the fourth quarter of 2009, the Macatawa Board of Directors elected a new independent Chairman of the Board. Macatawa has since worked

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closely with the FRB and Macatawa Bank's regulators at the FDIC and OFIR to put in place improved controls and procedures. The Board of Directors has implemented more robust corporate governance practices and disciplined business and banking principles, implemented more conservative lending principles that comply with regulatory standards, and appointed experienced and disciplined lending and compliance personnel. The focus of our management team has turned from growth in our business to executing these disciplined business and banking procedures and policies, limiting future losses, preserving capital and improving operational efficiencies.

As a result of these efforts, the Company has achieved significantly improved results:

- Our four most recently completed quarters were profitable;
- Our liquidity has improved dramatically since the end of 2009 primarily through large reductions in volatile funding balances;
- The Bank's capital ratios have improved since March 31, 2010; and
- We have reduced our level of delinquent and nonperforming loans and have achieved lower levels of loan charge-offs for the first quarter 2011 (the lowest level of quarterly charge-offs since the third quarter of 2008) and for 2010 compared to 2009 and 2008.

Our Capital Needs

We need additional capital in order to take advantage of the opportunities that may be presented to us. Management believes that with additional capital, the Company will be able to act upon opportunities to improve its profitability and enhance its franchise and overall shareholder value. While additional capital will give us a tool we believe we can use to build shareholder value, we also need capital to comply with the terms of our regulatory Consent Order, to provide an increased ability to absorb potential future losses and to provide us with the foundation for future growth.

At March 31, 2011, the Bank's Tier 1 Leverage Capital Ratio was 7.1% and the Total Risk Based Capital Ratio was 10.4%, which would ordinarily qualify the Bank as "well capitalized" under the regulatory capital standards absent the Consent Order. As of March 31, 2011, the Bank needed a capital injection of approximately $14.0 million to comply with the Tier 1 Leverage Capital Ratio requirement and needed a capital injection of approximately $7.1 million to comply with the Total Risk Based Capital Ratio requirement of the Consent Order. The amounts of capital needed may increase in the event of future losses and other events. Because the Bank is subject to the Consent Order, it cannot be categorized as "well capitalized," regardless of actual capital levels.

At a Special Meeting of Shareholders held on March 25, 2011, our shareholders overwhelmingly approved a proposal to amend the Articles of Incorporation to increase the number of authorized shares of our common stock from 40,000,000 to 200,000,000. Over 84% of the shares voted on the proposal were voted for approval of the proposal. We believe that the results of the voting at the special meeting show that our shareholders support our plans to raise capital. The Company has sufficient authorized and unissued shares of common stock to complete the offerings.

Our Strengths

Our focus on community banking and strong customer service has historically positioned us well in the markets that we serve and we believe those strengths will help position us for a return to sustained profitability. We have achieved strong pre-tax, pre-provision income through a stable and substantial core funding base, which has resulted in a comparatively strong net interest margin and expansion of core deposits in our markets. For additional information about our pre-tax, pre-provision income, see "Summary of Selected Consolidated Financial Information."

Our key strengths include:

Well Developed Retail and Business Banking Franchise. We operate 26 full-service branches located in some of Michigan's strongest economic markets covering a solid and diverse economic and entrepreneurial base. We have established and cultivated a strong brand identity in our markets as a local community bank that offers superior customer service and a convenient branch network. As a result, we are well positioned to provide retail and business banking services to customers and potential customers in our market area. We have kept our network of 26 branches and many of our key business assets intact despite extremely challenging economic conditions and intense competition. While we have faced extraordinary challenges in the past three years, we have maintained high service standards and as a result retained our strong and valuable core deposit customer base.

Focus on Local Communities as a Competitive Advantage. We have over 400 trained and experienced employees who we believe provide exceptional customer service, and we maintain local management authority in the communities we serve. This enables our employees to make prompt and responsible decisions for our customers, which we believe makes them feel important and appreciated. While there are many bank, thrift, credit union and other financial institution offices located within our market area, many are branches of larger financial institutions that utilize centralized out-of-market decision making. We compete for loans, deposits and other financial services based on our knowledge of and ability to communicate effectively with our customers and our ability to understand and meet our customers' needs by providing high quality customer service. We also intimately understand the communities in which our customers do business, as they are the same communities in which we conduct our business. Our management believes that our personal service philosophy, our local decision-making and understanding of local markets, and diverse delivery channels enhance our ability to compete favorably in attracting individuals and local businesses.

Independent and Focused Leadership. The board of directors of the Company and the Bank consists of 11 directors, including ten non-employee directors. Our Board is led by Chairman Richard L. Postma, an independent director and respected business leader with a demonstrated record of business successes. Please see "Our Board of Directors" and "Strengthening our Board of Directors and Board Oversight" below.

Substantial Core Funding Base. We internally fund our operations through a stable base of core deposits that provides cost-effective funding for our lending operations. The majority of our deposits are derived from core client sources, relating to long term relationships with local clients. At March 31, 2011, core deposits accounted for 97% of our total deposits. For this presentation, core deposits consist of total deposits less national certificates of deposit and brokered deposits. In addition, 15% of our deposits and other forms of funding were composed of wholesale deposits and FHLB advances as of March 31, 2011. As a result of our strong core funding, our cost of funds for 2010 and 2009 was 1.88% and 2.56%, respectively. We were also able to build our liquidity and still maintain a net interest margin of 3.28% for 2010. For the first quarter of 2011, our cost of funds was 1.42% and our net interest margin was 3.22%.

Risks We Face

Investing in our common stock involves risks. See "Risk Factors" beginning on page 23 of this prospectus to read about risks you should carefully consider before buying our common stock.

Our Market Area

Our primary market area includes Ottawa, Kent and northern Allegan Counties, all located in Western Michigan. This area includes two mid-sized cities, Grand Rapids and Holland, and rural areas. Grand Rapids is the second largest city in Michigan. Holland is the largest city in Ottawa County. Both cities and surrounding areas have a solid and diverse economic base, which includes health and life sciences, tourism, office furniture, automotive components and assemblies, pharmaceutical, transportation, equipment, food and construction supplies. Grand Valley State University, a 24,000-student regional university with nearly 2,000 employees, has its three main campuses in our market area. GVSU and several smaller colleges and university affiliates located in our market area help stabilize the local economy because they are not as sensitive to the fluctuations of the broader economy.

While Michigan has the fifth highest seasonally adjusted unemployment rate in the United States (as of March 2011), the seasonally-adjusted unemployment rate decreased from 13.3% in March 2010 to 10.3% in March 2011 and the unadjusted employment rate decreased from 14.2% in March 2010 to 11.0% in March 2011. The Michigan March 2011 seasonally-adjusted unemployment rate of 10.3% was the lowest seasonally-adjusted monthly

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rate since November 2008. Michigan nonfarm payrolls increased by 6,700 jobs in March 2011. From March 2010 to March 2011, Michigan added 79,000 jobs, while private sector payrolls expanded by 98,400 jobs.

University of Michigan economists project positive job gains of 64,600 during 2011 and 61,500 during 2012. University of Michigan economists also project that after turning positive again in 2010 at a rate of 2.8 percent, personal income growth will increase to 5.1 percent in 2011, returning to the 3 percent range in 2012.

Of Michigan's 83 counties, Ottawa County had the 11th lowest unadjusted unemployment rate in the state and the 10th lowest unadjusted unemployment rate in Michigan's lower peninsula at 9.3% for March 2011. Ottawa County has maintained a lower monthly unadjusted unemployment rate than the State of Michigan as a whole throughout the last decade and continues to do so. Kent County tied for the 6th lowest unadjusted unemployment rate in both the state and Michigan's lower peninsula at 8.8% for March 2011. Kent County has maintained an equivalent or lower monthly unadjusted unemployment rate than the State of Michigan as a whole since December 2003 and continues to do so.

It appears that the housing market in our primary market area is beginning to show signs of stabilization. Based on U.S. Census data, housing building permits in the Grand Rapids-Wyoming metropolitan area were up approximately 7.65% in 2010 compared to 2009. In the Holland-Grand Haven metropolitan area, housing building permits were up approximately 9.21% in 2010 compared to 2009.

The Michigan Economic Activity Index equally weighs nine, seasonally adjusted coincident indicators of real economic activity that reflect activity in the construction, manufacturing and service sectors as well as job growth and consumer outlays. The index is measured on a scale of 110. The index rose one point in January 2011 to a level of 87, which is two points above the average for all of 2010 and 15 points above the index cycle low of 71.

Kent County had a population of approximately 609,082 for 2010 and is projected to grow by approximately 1.91% from 2010-2015. Kent County had a median household income of approximately $47,684 for 2009, which was the sixteenth highest in the state. Ottawa County had a population of approximately 261,957 for 2009 and is projected to grow by approximately 7.19% from 2009-2020. Ottawa County had a median household income of approximately $52,107 for 2009, which was the ninth highest in the state. The Grand Rapids Combined Statistical Area had a population of approximately 1,331,964 for 2010 and is projected to grow by approximately 1.86% from 2010-2015.

Following completion of the offerings, we believe we will be well-positioned to take advantage of growth opportunities in our market area. As many of our largest competitors have pulled back or reduced their lending efforts in our market area, we believe opportunities exist to increase our lending market share through organic growth. We continue to invest in our credit and lending teams, through both hiring experienced commercial lenders and additional underwriting and credit monitoring training of our employees.

Our Board of Directors

Richard L. Postma, Chairman is the co-founder and Chief Executive Officer of U.S. Signal Co., LLC. Mr. Postma has more than 35 years of professional experience launching, leading and growing companies.

Mark J. Bugge is the Chief Financial Officer of a family holding company that owns a substantial interest in a global multi-billion dollar consumer products company.

Ronald L. Haan is a director and the Chief Executive Officer and President of the Company and the Bank. Mr. Haan served as Executive Vice President of Macatawa Bank from September 2005 until August 12, 2009. Mr. Haan has over 35 years of banking experience.

Arend D. Lubbers is an independent consultant who previously served as the President of Grand Valley State University from 1969 to 2001.

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Douglas B. Padnos serves on the management team of Louis Padnos Iron & Metal Co., a leading recycling and scrap processing, management and sales company headquartered in Holland, Michigan with global reach.

Thomas J. Wesholski is a long time banker who has served in executive and senior-level capacities with various West Michigan banks since 1967.

Wayne J. Elhart has been involved in the management of an automotive dealership in Holland, Michigan since 1980.

Charles A. Geenen has been President of GDK Construction Co., Inc., in Holland since 1983 and is associated with Geenen DeKock Properties LLC, a commercial real estate development company.

Birgit M. Klohs is President & Chief Executive Officer of The Right Place, Inc., a regional economic development organization for the retention, expansion and attraction of businesses to the West Michigan area.

Robert L. Herr is a former partner with the public accounting firm Crowe Horwath LLP. Mr. Herr retired in 2007 after 40 years with Crowe Horwath LLP.

Thomas P. Rosenbach has been a partner with the public accounting firm Beene Garter LLP since 1990 and he currently serves as Managing Partner of the firm. He has over 27 years of experience in public accounting, specializing in construction, real estate, manufacturing and wholesale distribution industries.

Strengthening Our Board of Directors and Board Oversight of the Company

The Board of Directors is committed to fulfilling its responsibility to the shareholders of the Company to oversee the Company's overall performance and the integrity of our financial disclosures. We have made significant efforts to increase and improve Board oversight of the Company and governance of the Bank to build accountability, confidence and performance. We have also implemented changes to promote the independence and objectivity of the Board of Directors. These efforts have included:

The Board of Directors appointed Richard Postma, an independent director, as Chairman of the Board. The Board has separated the roles of Chairman and Chief Executive Officer to help the Board provide independent oversight of the Company.

The boards of the Company and the Bank have been consolidated, so that shareholders effectively elect all persons who serve on the Bank's board of directors.

The Board of Directors, Audit Committee and Compliance Committee meet at least monthly to help the Board closely monitor the Company on an ongoing basis.

Three new independent directors have been appointed to the Board since August 2009.

The Board of Directors appointed a chartered Compensation Committee consisting entirely of independent directors.

The Board of Directors adopted a comprehensive Corporate Governance Policy to promote accountability and transparency and has adopted charters for the Compensation, Audit and Governance Committees.

The Board of Directors adopted a comprehensive Code of Ethics applicable to all directors, officers and employees of the Company and the Bank.

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Our Executive Leadership Team

The members of our leadership team have significant past experience working in senior positions at financial institutions or organizations. Our leadership team is able to leverage that experience to have a broader and sophisticated understanding of the financial services business and the financial markets. Our leadership team has structured our company to emulate certain aspects of larger financial institutions that we perceive to be beneficial to our business and clients without losing our community-based roots. Combined, our leadership team has over 170 years of banking and financial experience.

Ronald L. Haan, age 57, is the President and Chief Executive Officer of the Company and the Bank. Mr. Haan's biographical information appears above under the caption "Our Board of Directors."

Jon W. Swets, age 45, has been Senior Vice President and Chief Financial Officer of the Company and the Bank since July 1, 2002. Prior to joining the Company, Mr. Swets served as an audit partner at Crowe, Chizek and Company LLC. Mr. Swets also served as Chief Financial Officer for several years at AmeriBank in Holland, Michigan until its acquisition by Fifth Third Bank.

Craig A. Hankinson, age 43, joined the Company in 2010 and was appointed Senior Vice President of the Company and Senior Vice President and Chief Credit Officer of the Bank in November 2010. Mr. Hankinson has more than 20 years of credit and lending experience in the West Michigan and broader Midwest regional market. Most recently, he served as Senior Credit Officer of the business banking group for Fifth Third Bancorp.

Edward D. Ryan, age 54, has been Vice President of the Company since 2009 and Vice President of the Bank since March 2009. Mr. Ryan has more than 29 years banking experience with various local community banks. Mr. Ryan leads the Bank's Special Assets Group.

Matthew D. Hoeksema, age 39, was appointed as Senior Vice President of the Company in April 2011 and Senior Vice President and head of Commercial Banking for the Bank in March 2011, after serving the Bank in that capacity in an interim role during 2010. Mr. Hoeksema brings more than 17 years of lending experience in West Michigan to this position. Prior to his appointment as interim head of Commercial Banking, he served as Commercial Market Manager of our lakeshore region. Earlier in his career, Mr. Hoeksema held commercial banking positions at Ottawa Savings Bank and FMB-First Michigan Bank.

Jill A. Walcott, age 44, has been Senior Vice President of the Company since 2002 and is currently Senior Vice President, Senior Retail Banking Officer of the Bank. Ms. Walcott began with the Bank in December of 1997 as Vice President, Branch Administrator and was promoted to Senior Vice President in 2002. Ms. Walcott manages the Bank's marketing and retail banking functions.

Our Strategy

The Board of Directors of the Company has significantly changed the strategic direction and focus of the Bank to improve its internal operations and to work out of its problem loans and assets. During the fourth quarter of 2009, the Board of Directors elected a new, independent Chairman of the Board. The Company has since worked closely with its regulators at the FRB and the Bank's regulators at the FDIC and OFIR to put in place improved controls and procedures. The Board has implemented additional corporate governance practices and disciplined business and banking principles, and implemented more conservative lending principles that comply with regulatory standards, and appointed experienced and disciplined lending and compliance personnel. The focus of our management team has turned from growing our business to executing these disciplined business and banking procedures, limiting future losses, preserving capital and improving operational efficiencies.

Despite the strain that a continuing soft economy places on the loan portfolio, the Company is committed to its efforts to mitigate future loan losses. Tangible steps have been taken to reduce exposure within certain credit concentrations, establish more conservative lending principles that comply with regulatory standards, implement new lending and compliance policies and procedures, and enhance problem loan identification and resolution plans. These steps include the following:

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Board Oversight. The full Board of Directors and the Audit and Compliance Committees of the Board now meet at least monthly to monitor, among other items, the new lending and compliance procedures. The Board also restructured the reporting lines for departments involved in managing activities involved in the lending function. The Special Asset Group responsible for the management of problem assets, the Credit Administration department responsible for loan policy and credit monitoring, and the Risk Management Department are led by qualified officers who report directly to the Audit Committee. The Board intends that all necessary resources will be allocated to ensure compliance and to allow the Bank to work out of its problem loans and assets.

Plan to Reduce Substandard Assets. We recognize the need to reduce our risk position related to substandard assets. We have formulated and implemented specific plans for each asset identified as substandard. Reductions are expected to be achieved in a variety of ways, including collecting, upgrading (when appropriate and independently verified), right-sizing, or improving the quality of the assets. The ultimate objective is to return the amount of these assets to an acceptable level. The Company also recognizes that the downturn in real estate values may be sustained and it must continuously re-evaluate every classified asset. The economic environment has a direct impact on our market and all targets will be re-evaluated regularly as these plans evolve. The specific plans are reviewed and approved by the Audit and Compliance Committees at monthly meetings.

Concentration Reduction. We implemented a concentration reduction plan to measure and monitor concentrations of credit on an ongoing basis. Execution of that plan included curtailing the origination of residential land development loans, the portfolio primarily responsible for loan losses in 2008 and 2009. Increased emphasis has been placed on obtaining updated property valuations and "right-sizing" of loan balances either through pay downs or by obtaining additional collateral in order to protect the Bank. Partially as a result of these efforts, total commercial real estate loans declined $126.8 million in 2010, and commercial loans secured by residential real estate, the portfolio that has created the majority of stress within our loan portfolio, declined $57.6 million in the same period. We expect continued reductions in our real estate portfolios in an effort to maintain or improve our capital ratios and comply with the Consent Order.

Loan Review. The Loan Review function previously reported administratively through Credit Administration and functionally to the Board Loan Committee. Loan Review now reports functionally to the Audit Committee. The Risk Management department is now responsible administratively for the Loan Review function and has expanded this team to include a Senior Loan Review Manager and additional resources to support our goal of completing an independent, annual review of the entire commercial loan portfolio to monitor the accuracy and completeness of the watch list and all risk grades. This process is intended to identify violations of law, rules, or regulations and policy, credit and collateral documentation exceptions and track corrective measures. This function is also responsible for the integrity of the loan grading system and the independent review of loan grades at inception and renewal.

Lender Accountability. Management established individual lender scorecards which are monitored on an ongoing basis. Lenders are apprised monthly of these scorecards and held accountable. We evaluated the performance of individual lenders and implemented corrective action, including the termination of loan officers whose loan portfolios included a majority of the Company's nonperforming assets.

Loan Policies and Procedures. Loan policy and underwriting guidelines were significantly enhanced in 2009 and have been reassessed for compliance with regulatory requirements and disciplined business practices. Improvements have been made to the Appraisal Policy, Commercial Loan Policy, Environmental Risk Policy, Consumer Loan Policy, Loan Loss Reserve Policy, Non-Accrual and Charged-Off Loan Policy, Real Estate Loan Policy and Loan Review Policy. Further enhancements to the control framework will be evaluated on an on-going basis.

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The second, third and fourth quarters of 2010 and the first quarter of 2011 reflect progress made in implementing these plans. The following table highlights asset quality results achieved the past six quarters.

(in millions)	Quarter Ended December 31, 2009	Quarter Ended March 31, 2010	Quarter Ended June 30, 2010	Quarter Ended September 30, 2010	Quarter Ended December 31, 2010	Quarter Ended March 31, 2011
Commercial loans	$ 1,210.4	$ 1,112.6	$ 1,047.4	$ 973.6	$ 933.9	$ 886.4
Nonperforming loans	103.9	102.5	95.1	84.4	75.4	56.1
Other real estate owned and repo assets	37.3	45.9	48.8	54.1	58.0	65.0
Total nonperforming assets	141.2	148.4	143.8	138.6	133.4	121.1
Net chargeoffs	15.0	13.6	6.3	4.6	5.2	3.6
Total delinquencies	118.6	124.8	94.2	81.1	55.7	41.2

Regulatory Developments

Consent Order with Macatawa Bank and its Regulators

On February 22, 2010, Macatawa Bank entered into a Consent Order (the "Consent Order") with the FDIC and OFIR, the primary banking regulators of the Bank. The Bank agreed to the terms of the Consent Order without admitting or denying any charges of unsafe or unsound banking practices. The Consent Order imposes no fines or penalties on the Bank. The Consent Order will remain in effect and enforceable until it is modified, terminated, suspended, or set aside by the FDIC and the OFIR. Macatawa Bank's customer deposits remain fully insured to the highest limit set by the FDIC. The Board of Directors views the requirements of the Consent Order as necessary components of its efforts to return Macatawa to profitability and pursue the long term success of Macatawa Bank for its shareholders, depositors, and customers.

The Consent Order includes the following requirements, among others:

While the Consent Order is in effect, the Bank may not declare or pay any cash dividend without the prior written consent of the FDIC and the OFIR. The Bank did not pay dividends to the Company during 2009, 2010 and the first quarter of 2011. In previous periods, dividends from the Bank to the Company were primarily utilized by the Company to pay its operating expenses, dividends on its common and preferred stock and interest on its subordinated notes and trust preferred securities. The Company has suspended payment of dividends on common and preferred stock and has deferred interest payments on trust preferred securities.

The Bank must attain and maintain a Tier 1 Leverage Capital Ratio of at least 8% and a Total Risk Based Capital Ratio of at least 11%. As of March 31, 2011, these ratios were 7.1% and 10.4%, respectively.

The Bank is prohibited from extending additional credit to, or for the benefit of, any borrower who is already obligated to the Bank on any loan that has been charged off by the Bank, so long as the amount charged off remains uncollected. In addition, the Consent Order prohibits the Bank from extending any additional credit to a borrower who has an uncollected loan that has been classified "Substandard" or "Doubtful", unless the Bank's Board of Directors has determined that extending additional credit to the borrower is in the best interest of the Bank.

The Company believes that, as of the date of this prospectus, the Bank was in compliance in all material respects with all of the provisions of the Consent Order, other than the minimum capital requirements.

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Written Agreement with the Company and its Regulator

The Company has formally entered into a Written Agreement with the FRB with an effective date of July 23, 2010. Among other things, the Written Agreement provides that the Company:

- must take appropriate steps to fully utilize its financial and managerial resources to serve as a source of strength to Macatawa Bank;
- may not declare or pay any dividends without prior FRB approval;
- may not take dividends or any other payment representing a reduction in capital from Macatawa Bank without prior FRB approval;
- may not make any distributions of interest, principal or other sums on subordinated debentures or trust preferred securities without prior FRB approval;
- may not incur, increase or guarantee any debt without prior FRB approval;
- may not purchase or redeem any shares of its stock without prior FRB approval;
- may not appoint any new director or senior executive officer, or change the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, without prior regulatory approval;
- must submit to the FRB an acceptable written plan to maintain sufficient capital on a consolidated basis; and
- must submit to the FRB a written statement of the Company's planned sources and uses of cash for debt service, operating expenses, and other purposes for 2010 and subsequent years.

Each quarter we request approval from the FRB to make the next quarter's interest payment on our subordinated debt and are continuing to accrue the interest amounts due.

Since the effective date of the Written Agreement, we have submitted our capital plan, cash flow projections and other reports in accordance with the timelines specified in the Written Agreement or agreed upon extensions. In addition, our senior management has met with and spoken to FRB representatives several times since the Written Agreement became effective. On November 15, 2010, we submitted a plan to maintain sufficient capital and have had several conversations with the FRB regarding the plan since that time. At the FRB's request, we submitted an updated draft of the capital plan on March 31, 2011. The FRB requested revisions to the draft capital plan and we submitted an updated draft incorporating those revisions on April 29, 2011. On February 11, 2011, we submitted to the FRB a written statement of the Company's planned sources and uses of cash for 2011. At the FRB's request, we submitted a plan for how the Company will meet its cash flow obligations for 2011 on March 31, 2011.

Other than acceptance by the FRB of a capital plan and our plan for meeting cash flow obligations for 2011, the Company believes that, as of the date of this prospectus, it was in compliance in all material respects with all of the provisions of the Written Agreement.

Pending SEC Investigation

We have been fully cooperating with the SEC, which is conducting a non-public fact-finding investigation into the circumstances surrounding the Company's restatement of earnings for the quarter ended June 30, 2008 and the Company's revision of its previously announced financial results for the quarter ended June 30, 2009. The SEC has not provided us with notice asserting that any violations of the securities laws have occurred, but there can be no

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assurance as to the outcome of its investigation. For additional information, please see "Risk Factors - A pending SEC investigation may subject us to significant costs and could divert management attention."

Strategies for Complying with the Consent Order

Our strategies to increase the Bank's capital ratios in order to comply with the capital requirements of the Consent Order include the following:

Earnings improvements. Our steps to reduce and manage our expenses have included:

- We reduced staff during 2008 and 2009.
- We paid no senior management bonuses for 2007 through 2010.
- We have suspended merit pay increases.
- We suspended 401(k) plan matching contributions at the beginning of 2010.

These steps, along with other expense reduction measures, have resulted in the removal of approximately $9.0 million from the Bank's annualized operating costs since 2008. During 2010, controllable noninterest expenses, excluding nonperforming asset costs and FDIC assessments, were at their lowest levels in over five years. The management team remains active at exploring on-going cost reduction opportunities as the Bank continues to "right-size" its operation.

Suspension of dividends. The Bank did not pay dividends to the Company during 2009, 2010 and the first quarter of 2011. In previous periods, dividends from the Bank to the Company were primarily utilized by the Company to pay dividends on its common and preferred stock and interest on its trust preferred securities. To preserve Bank capital, the Company continued the suspension of dividend payments on common and preferred stock and the deferral of interest payments on trust preferred securities during 2010 and the first quarter of 2011.

Risk Management and Improvement of Asset Quality. Despite the strain that a continuing soft economy places on the loan portfolio, the Company is committed to managing risk and mitigating loan losses. Tangible steps have been taken to reduce exposure within certain credit concentrations, establish more conservative lending principles that comply with regulatory standards, implement new lending and compliance policies and procedures, and enhance problem loan identification and resolution plans. These steps include increased Board of Directors oversight, specific plans to reduce substandard assets, Audit Committee oversight of the loan review process, establishment of lender accountability procedures, and enhanced loan policies and procedures.

Asset Reduction. Total assets were reduced by $319.2 million to $1.83 billion at December 31, 2009 from $2.15 billion at December 31, 2008 and further reduced to $1.58 billion at December 31, 2010 and $1.56 billion at March 31, 2011. The decrease in total assets was largely from a reduction in our loan portfolio from efforts to reduce concentration in certain loan types. We are implementing a concentration reduction plan to measure and monitor concentrations of credit on an ongoing basis. Execution of that plan included curtailing the origination of residential land development loans, the portfolio primarily responsible for loan losses in 2008 and 2009. Increased emphasis has been placed on obtaining updated property valuations and "right- sizing" of loan balances either through pay downs or by obtaining additional collateral in order to protect the Bank. We expect further asset reductions in these areas as we continue to execute this plan.

Securities Portfolio Changes. During the second quarter of 2010, we completed the disposition of nearly all of the municipal, corporate and U.S. agency securities in our available-for-sale investment portfolio through sales in the open market. The securities were sold for a total of approximately $102 million. The sales were executed as part of our overall strategy to increase our regulatory capital ratios and liquidity. The majority of the proceeds have been initially invested in liquid money market balances with money center banks. We intend to ultimately reinvest the proceeds in higher yielding investment securities when market conditions improve.

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Capital Raising**.** We increased our capital through the sale of $31.3 million of Series A Preferred Stock in the fourth quarter of 2008. During the second and third quarters of 2009, we increased our capital by $5.9 million through the issuance of Series B Preferred Stock, common stock and subordinated debt. We are undertaking the rights offering and the public offering to raise equity capital to improve the Bank's capital position and our consolidated capital position as required by the Consent Order and the Written Agreement.

Executive Offices and Website

Our headquarters and administrative offices are located at 10753 Macatawa Drive, Holland, Michigan 49424, and our telephone number is (616) 820-1444. Our internet website address is www.macatawabank.com. The information on our website is not a part of this prospectus and the reference to our website address does not constitute incorporation by reference of any information on our website into this prospectus.

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The Offerings

Shares Offered	Macatawa Bank Corporation is offering up to a maximum of 17,826,086 shares of Company common stock. The Company may increase or decrease the size of the offerings in its sole discretion. Because there is no minimum offering amount, any purchaser of common stock in the offerings may be the only purchaser.
Offering price	$2.30 per share.
Determination of Size of Offerings	The Board of Directors determined that the Company's existing shareholders should have an opportunity to purchase substantially all of the shares of common stock that we are offering. The Board established the total offering size of $41 million by multiplying the offering price, as determined by the Board of Directors, by the approximate number of shares outstanding as of the May 2, 2011. A committee of the Board of Directors consisting only of independent directors who will not purchase shares in the offering ratified and approved the price, size and other aspects of the offerings. We do not expect that all shareholders will exercise all of their subscription rights. Any shares offered but not sold in the rights offering will be offered for sale in the public offering. The Board of Directors believes that even if the rights offering and the public offering are not fully subscribed, the offerings may be considered successful if we are able to address our capital needs. Please see "*Our Capital Needs*" on page 2.
Rights Offering	We are distributing at no cost or charge to our shareholders one nontransferable subscription right for each whole share of common stock owned as of 5:00 p.m., Eastern Time, on the record date, May 2, 2011. We will not issue rights for fractional shares.
Subscription Rights	For each subscription right that you own, you will have a right to buy from us one share of our common stock at the subscription price. See "*What is the subscription right*?" on page 18. There is no over-subscription privilege. Shareholders who wish to purchase more shares than entitled to in the rights offering may submit an expression of interest to participate in the public offering. See "The Public Offering - How to Subscribe in the Public Offering" on page 51.
Expiration of Rights	The subscription rights will expire at 5:00 p.m., Eastern Time, on June 7, 2011, unless the expiration date is extended in our discretion. We reserve the right to extend the subscription rights period at our sole discretion. See "*How soon must I act to exercise my subscription rights*?" on page 20.
Public Offering	We are also conducting an offering of common stock to the public, referred to as the public offering. We have not reserved a specific number of shares for the public offering. In the public offering, we are offering for sale any shares offered and not sold in the rights offering up to the total offering amount. There is no guarantee that any shares will be available in the public offering. Shareholders may participate in the public offering. See "*What is the public offering?*" on page 18.

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No Revocation	You may not revoke an exercise of subscription rights in the rights offering. You may not revoke a subscription in the public offering once you have submitted an executed subscription agreement.
Discretion to Accept, Reject or Limit Subscriptions	We reserve the right to reject in whole or in part any or all exercise of subscription rights in the rights offering and any subscription in the public offering. A person, together with certain related persons and associates, may not purchase a number of shares such that upon completion of the offerings the person owns in excess of 4.9% of the Company's common stock outstanding. This limit is being imposed as a measure to help preserve the future availability of our deferred tax assets. We may elect not to sell shares of our common stock to any proposed purchaser in the rights offering or the public offering who, in our sole judgment, might be required to obtain prior clearance or approval from or submit a notice to any state or federal bank regulatory authority to acquire, own or control such shares if, as of the expiration of the rights offering or expiration of the public offering, as applicable, such clearance or approval has not been obtained or any applicable waiting period has not expired. The Company may waive these limitations in its sole discretion. The Company reserves the right to allocate shares sold to investors in the public offering in its sole discretion and for any reason. See "*Are there any limits on the number of shares I may purchase in the offerings or own as a result of the offerings?*" on page 21.
No Board of Directors Recommendation	Our board of directors is making no recommendation regarding the exercise of subscription rights or participation in the public offering.
Director and Senior Management Participation	Some of the Company's directors and members of senior management intend to subscribe for shares in the offerings. Based on non-binding expressions of intent, we expect 6 of our directors and 9 members of our senior management to purchase shares in the offerings having an aggregate purchase price between approximately $2,000,000 and $5,000,000. The actual level of purchases by directors and members of senior management will depend in part on the number of shares available in the public offering. A committee of the Board of Directors consisting only of independent directors who will not purchase shares in the offerings has authorized and approved the sale of shares to the other directors on the same terms and conditions applicable to all other investors purchasing shares in the offering. See "The Offerings and Plan of Distribution - Director and Senior Mangement Participation."
Common shares outstanding after the offerings	35,505,707 shares, if all shares offered are sold.
Net proceeds	We estimate the net proceeds from the offerings, after estimated expenses, will be approximately $40.3 million, if all shares offered are sold.

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Use of proceeds	We intend to use a portion of the net proceeds of the offerings to contribute to the capital of the Bank to increase the Bank's capital and regulatory capital ratios and for general corporate purposes, including funding organic loan growth and long-term strategic opportunities. As of March 31, 2011 the Bank needed a capital injection of approximately $14.0 million to comply with the Tier 1 Leverage Capital Ratio requirement and needed a capital injection of approximately $7.1 million to comply with the Total Risk Based Capital Ratio requirement of the Consent Order. See "Use of Proceeds."
Trading market	Our common stock is traded on The Nasdaq Global Select Market under the symbol "MCBC." See "Market for Common Stock and Dividend Information."
Dividends	The Board of Directors of the Company suspended payment of dividends on our common stock in 2008. Our Written Agreement and Consent Order prohibit the Company and the Bank from declaring or paying dividends. See "Market for Common Stock and Dividend Information."
Risk Factors	Before you decide to invest in our common stock, you should carefully review this entire prospectus, including the risk factors set forth under the "Risk Factors" section of this prospectus beginning on page 23. You should also carefully review all of the information incorporated by reference into this prospectus. See "Incorporation of Certain Information by Reference" on page 54.
U.S. Federal Income Tax Considerations For Investors	If you are a U.S. holder (as defined below under "U.S. Federal Income Tax Considerations for Investors") and hold common stock on the record date for the rights offering, you will not recognize taxable income for U.S. federal income tax purposes upon receipt of the subscription rights. If you allow the subscription rights you receive to expire unexercised, you will not recognize any gain or loss on the expiration of your subscription rights. You will not recognize any gain or loss upon the exercise of your subscription rights. See "U.S. Federal Income Tax Considerations for Investors."
Subscription Agent and Information Agent	We have engaged Registrar and Transfer Company as our subscription agent for the rights offering. We have engaged Eagle Rock Proxy Advisors, LLC as our information agent for the rights offering. If you have any questions about the rights offering, please contact the information agent at 1-855-612-6974.
Procedure for Subscribing in the Rights Offering	To exercise your subscription rights, you must take the following steps:

If you hold a share certificate, you must deliver payment and a properly completed and signed rights certificate to the subscription agent to be received before 5:00 p.m., Eastern Time, on June 7, 2011. You may deliver the documents and payment by hand delivery, U.S. mail or courier service. If U.S. mail is used for this purpose, we recommend using registered mail, properly insured, with return receipt requested. See "*How do I exercise my subscription rights if I am a record shareholder?*" on page 20.

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	If you hold your common shares through a custodian bank, broker, dealer or other nominee, then your nominee is the record holder of the shares you own. If you are not contacted by your nominee, you should contact your nominee as soon as possible. Your nominee must exercise the subscription rights on your behalf for the common shares you wish to purchase. You will not receive a rights certificate. Please follow the instructions of your nominee. Your nominee may establish a deadline that may be before the expiration date that we have established for the rights offering on June 7, 2011. See "*What should I do if I want to participate in the rights offering, but my shares are held in the name of a custodian bank, broker, dealer or other nominee?*" on page 20.
Procedure for Subscribing in the Public Offering	Prospective investors who wish to subscribe in the public offering, including shareholders who wish to purchase more shares than entitled to purchase in the rights offering, may submit the expression of interest which accompanies this prospectus and return it to the Company prior to the expiration of the rights offering at 5:00 p.m., Eastern Time, on June 7, 2011, unless the expiration date is extended in our discretion. Upon the conclusion of the rights offering, investors in the public offering must execute a subscription agreement and provide payment of the subscription price by wire transfer or certified check no later than 5:00 p.m., Eastern Time, on June 20, 2011, unless the expiration date is extended in our discretion. See "*How do I purchase shares in the public offering?*" on page 21.

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Summary of Selected Consolidated Financial Information

The following unaudited table sets forth selected historical consolidated financial information as of and for the three months ended March 31, 2011 and 2010 and as of and for the fiscal years ended December 31, 2010, 2009, 2008, 2007 and 2006 derived from our audited consolidated financial statements. The unaudited financial information as of and for the three months ended March 31, 2011 and 2010 has been prepared on the same basis as our audited financial statements and includes, in the opinion of management, all adjustments necessary to fairly present the data for such periods. You should read this information in conjunction with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, which are incorporated by reference into this prospectus. See "Incorporation of Certain Information by Reference" on page 54.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
	(Dollars in thousands, except per share data)						
Summary of Earnings							
Total Interest Income (including fees on loans)	$ 15,853	$ 20,937	$ 76,003	$ 95,878	$ 116,075	$ 139,372	$ 133,506
Total Interest Expense	4,255	7,909	25,436	43,085	57,944	76,456	66,089
Net Interest Income	11,598	13,028	50,567	52,793	58,131	62,916	67,417
Noninterest Income	3,679	3,468	18,023	16,697	18,144	16,098	14,177
Noninterest Expense	15,436	17,926	62,681	67,391	58,433	50,259	44,913
Pre-tax, Pre-Provision Income[1][4]	(159)	(1,430)	5,909	2,099	17,842	28,755	36,681
Provision for Loan Losses	(1,450)	19,710	22,460	74,340	37,435	15,750	7,715
Goodwill Impairment Charge	-	-	0	0	27,634	0	0
Income (Loss) Before Income Taxes	1,291	(21,140)	(16,551)	(72,241)	(47,227)	13,005	28,966
Income Taxes	0	0	1,303	(8,600)	(8,373)	3,736	