SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10 - Q

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

For the period ended **March 31, 2002**

( ) TRANSITION REPORT UNDER SECTION 13 OR 15 (d) TO THE EXCHANGE ACT

For the transition period from ____________ to _____________

Commission File No: 0 – 14535

CITIZENS BANCSHARES CORPORATION
(Exact name of registrant as specified in its charter)

Georgia	**58 - 1631302**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

175 John Wesley Dobbs Avenue, N.E., Atlanta, Georgia	**30303**
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: **(404) 659 - 5959**

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act 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 90 days. Yes X No __ .

State the number of shares outstanding for each of the issuer's classes of common equity as of the latest practicable date: 2,027,825 shares of Common Stock, $1.00 par value and 90,000 shares of Non-Voting Common Stock, $1.00 par value outstanding on April 30, 2002.

CITIZENS BANCSHARES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2002 AND DECEMBER 31, 2001
(In thousands, except share data)

ASSETS	2002 (Unaudited)	2001
Cash and due from banks	$ 13,484	$ 12,877
Federal funds sold	555	1,560
Interest-bearing deposits with banks	28,551	37,258
Certificates of deposit	3,095	3,095
Investment securities available for sale, at fair value	70,162	61,579
Investment securities held to maturity, at cost	2,376	2,676
Other investments	1,511	1,511
Loans held for sale	-	422
Loans, net	153,901	155,969
Premises and equipment, net	6,407	6,111
Cash surrender value of life insurance	6,951	7,017
Other assets	5,106	4,425
	$ 292,099	$ 294,500
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Noninterest-bearing deposits	$ 54,622	$ 51,801
Interest-bearing deposits	202,358	206,000
Total deposits	256,980	257,801
Accrued expenses and other liabilities	2,735	3,656
Notes payable	940	1,270
Advances from Federal Home Loan Bank	10,000	10,000
Total liabilities	270,655	272,727
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock - $1 par value; 5,000,000 shares authorized; 2,230,065 shares issued and outstanding	2,230	2,230
Nonvoting common stock - $1 par value; 5,000,000 shares authorized; 90,000 issued and outstanding	90	90
Additional paid-in capital	7,445	7,445
Retained earnings	13,803	13,823
Treasury stock, 195,152 and 191,852 shares at cost	(1,689)	(1,665)
Accumulated other comprehensive income - unrealized loss on investment securities	(435)	(150)
Total stockholders' equity	21,444	21,773
	$ 292,099	$ 294,500

See notes to consolidated financial statements.

CITIZENS BANCSHARES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(In thousands)

	2002	2001
	(Unaudited)	
Interest income:		
Loans, including fees	$ 3,118	$ 3,937
Investment securities:		
Taxable	666	658
Tax-exempt	213	126
Dividends	43	46
Federal funds sold	10	14
Interest-bearing deposits	131	160
Total interest income	4,181	4,941
Interest expense:		
Deposits	1,336	1,910
Other borrowings	164	142
Total interest expense	1,500	2,052
Net interest income	2,681	2,889
Provision for loan losses	175	120
Net interest income after provision for loan losses	2,506	2,769
Noninterest income:		
Service charges on deposit accounts	858	882
Gain on sales of securities	30	320
Gain on sales of assets	-	121
Origination fees from mortgage company	111	558
Other operating income	353	485
Total noninterest income	1,352	2,366
Noninterest expense:		
Salaries and employee benefits	1,717	2,007
Net occupancy and equipment	556	681
Other operating expenses	1,239	1,363
Total noninterest expense	3,512	4,051
Income before income taxes	346	1,084
Income tax expense	25	325
Net income	$ 321	$ 759
Net income per share - basic and diluted	$ 0.15	$ 0.35
Weighted average outstanding shares - basic and diluted	2,126	2,195

See notes to consolidated financial statements.

CITIZENS BANCSHARES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2002, AND 2001
(In thousands)

	2002	2001
	(Unaudited)	
OPERATING ACTIVITIES:		
Net income	$ 321	$ 759
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for loan losses	175	120
Depreciation	228	290
Amortization and accretion, net	45	15
Gain on sale of assets and securities	(30)	(441)
Change in mortgage loans held for sale	422	264
Proceeds from sale of property held for sale	-	509
Change in other assets	(536)	213
Change in accrued expenses and other liabilities	(921)	(98)
Net cash provided by (used in) operating activities	(296)	1,631
INVESTING ACTIVITIES:		
Proceeds from maturities of investments:		
Securities held to maturity	300	255
Securities available for sale	4,215	27,150
Purchases of investments:		
Securities available for sale	(14,275)	(14,888)
Proceeds from sales of investment securities available for sale	1,032	322
Net change in loans	1,893	(3,047)
Purchases of premises and equipment	(524)	(354)
Net change in cash surrender value of life insurance	66	(324)
Net change in interest bearing deposits with banks	8,707	(967)
Purchases of certificates of deposit	-	(1,400)
Net change in Federal Funds sold	1,005	(5)
Net cash provided by investing activities	2,419	6,742
FINANCING ACTIVITIES:		
Net change in noninterest-bearing deposits	$ 2,821	$ (1,656)
Net change in interest-bearing deposits	(3,642)	3,679
Principal payments on debt	(330)	(200)
Purchase of treasury stock	(24)	(130)
Dividends paid	(341)	(374)
Net cash provided by (used in) financing activities	(1,516)	1,319
Net change in cash and due from banks	607	9,692
CASH AND DUE FROM BANKS:		
Beginning of year	12,877	12,118
End of year	$ 13,484	$ 21,810
Supplemental disclosures of cash paid during the year for:		
Interest	$ 1,655	$ 2,361
Income taxes	145	265
Change in unrealized gain (loss) on investment securities available for sale, net of tax	(285)	257

See notes to consolidated financial statements.

CITIZENS BANCSHARES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
March 31, 2002 and 2001
(Unaudited)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Citizens Bancshares Corporation and subsidiaries (the "Company") is a holding company that provides a full range of commercial banking and mortgage brokerage services to individual and corporate customers in metropolitan Atlanta and Columbus, Georgia through its wholly owned subsidiaries, Citizens Trust Bank (the "Bank") and Citizens Trust Bank Mortgage Services, Inc. ("Mortgage Services"). The Bank operates under a state charter and serves its customers through 11 full-service branches in metropolitan Atlanta and one full-service branch in Columbus, Georgia.

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations for reporting on Form 10-Q. Accordingly, certain disclosures required by generally accepted accounting principles are not included herein. These interim statements should be read in conjunction with the financial statements and notes thereto included in the Company's latest Form 10-KSB filed with the Securities and Exchange Commission for the year ended December 31, 2001. The results of operations for the interim periods reported herein are not necessarily of the results expected for the full year.

The consolidated financial statements of the Company as of March 31, 2002 and for the three months ended March 31, 2002 and 2001 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the financial position and results of operations and cash flows for the three month periods have been included. All adjustments are of a normal recurring nature. All significant intercompany accounts and transactions have been eliminated in consolidation.

ACCOUNTING POLICIES

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which often require the judgment of management in the selection and application of certain accounting principles and methods. Management believes the quality and reasonableness of its most critical policies enable the fair presentation of its financial position and results of operations.

In response to the Securities and Exchange Commission's ("SEC") Release No. 33-8040, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, the Company has identified the following as the most critical accounting policy upon which its financial status depends. The critical policy was determined by considering accounting policies that involve the most complex or subjective decisions or assessments. The Company's most critical accounting policy is related to the:

> ***Allowance for Loan Losses*** -The Company provides for estimated losses on loans receivable when any significant and permanent decline in value occurs. These estimates for losses are based on individual assets and their related cash flow forecasts, sales values, independent appraisals, the volatility of certain real estate markets, and concern for disposing of real estate in distressed markets. For loans that are pooled for purposes of determining necessary provisions, estimates are based on

loan types, history of chargeoffs, and other delinquency analyses. Therefore, the value used to determine the provision for losses is subject to the reasonableness of these estimates. The adequacy of the allowance for loan losses is reviewed on a monthly basis by management and the Board of Directors. On a quarterly basis a comprehensive review of the adequacy of the allowance for loan losses is performed. This assessment is made in the context of historical losses as well as existing economic conditions, performance trends within specific portfolio segments, and individual concentrations of credit. Loans are charged against the allowance when, in the opinion of management, such loans are deemed uncollectable and subsequent recoveries are added to the allowance.

A description of other accounting policies are summarized in Note 1, Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements of the Company's Annual Report on Form 10-KSB for the year ended December 31, 2001. The Company has followed those policies in preparing this report.

COMMON STOCK

Basic net income per share (EPS) is computed based on net income divided by the weighted average number of common share equivalents outstanding. Diluted EPS is computed based on net income divided by the weighted average number of common and potential common shares. The Company's potential common shares are due to outstanding stock options.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires the purchase method of accounting be used for all business combinations initiated after June 30, 2001 and establishes criteria for recognizing intangible assets. The adoption of SFAS No. 141 did not have a material impact on the Company's financial statements. SFAS No. 142 addresses the financial accounting and reporting standards for the acquisition of intangible assets outside a business combination and for goodwill and other intangible assets subsequent to their acquisition. The adoption of SFAS No. 142 on January 1, 2002 did not have a material impact on the Company's consolidated financial statements.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses accounting for and reporting of the impairment or disposal of long-lived assets. The Company adopted the provisions of SFAS No. 144 on January 1, 2002. The adoption of SFAS No. 144 did not have a significant impact on the Company's results of operations, financial position, or cash flows; however, SFAS No. 144 may modify the presentation of the operating results from abandoned or disposed businesses and the Company's consolidated statement of operations in the future.

RECLASSIFICATIONS

Certain 2001 amounts have been reclassified to conform to the 2002 presentation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Citizens Bancshares Corporation (the “Company”) is a holding company that wholly owns two subsidiaries, Citizens Trust Bank (the “Bank”) and Citizens Trust Bank Mortgage Services, Inc. (“Mortgage Services”). The Company, through the Bank and Mortgage Services, provides a full range of commercial banking and mortgage brokerage services to individuals and corporate customers in its primary market areas, metropolitan Atlanta and Columbus, Georgia. The Bank is a member of the Federal Reserve System and operates under a state charter. The Company serves its customers through 11 full-service branches in metropolitan Atlanta and one full-service branch in Columbus, Georgia.

The following discussion is of the Company's financial condition as of March 31, 2002 and the changes in the financial condition and results of operations for the three month periods ended March 31, 2002 and 2001.

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements which are subject to numerous assumptions, risks and uncertainties. In preparing this report, management is required to make estimates and assumptions that affect the reported amounts in the consolidated financial statements such as the allowance for loan losses and valuation allowances associated with the recognition of deferred tax assets. Statements pertaining to future periods are subject to uncertainty because of the possibility of changes in underlying factors and assumptions. Actual results could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including: sharp and/or rapid changes in interest rates; significant changes in the economic scenario from the current anticipated scenario which could materially change anticipated credit quality trends and the ability to generate loans and gather deposits; significant delay in or inability to execute strategic initiatives designed to grow revenues and/or control expenses; unanticipated issues during the integration of acquisitions; and significant changes in accounting, tax or regulatory practices or requirements. The Company disclaims any obligations to update any such forward-looking statements.

FINANCIAL CONDITION

The Company’s total assets at March 31, 2002, increased by $22,583,000 or 8.38% to $292,099,000 compared to the same period a year ago. The Company continues to focus on growth and expansion opportunities. In January 2002, the Company opened its newest branch in the Stonecrest Mall located in Conyers, Georgia. For the three month period ended March 31, 2002, total assets decreased slightly by $2,401,000 or 0.82%. The decreases in federal funds of $1,005,000 and interest bearing deposits with banks of $8,707,000 since December 31, 2001 were partially offset by an $8,583,000 increase in higher yielding investments securities classified as available for sale. Loans, net decreased $2,068,000 or 1.33% during the three months of 2002 as the Company’s target market area continues to be impacted by the economy.

Loans held for sale decreased $422,000 as all loans generated by the Company's mortgage subsidiary were sold loans by the end of the quarter. Premises and equipment increased $296,000 primarily because of the opening of the Stonecrest Mall branch. Cash value of life insurance, a comprehensive compensation program for senior management and the directors of the Company, decreased $66,000 as the Company cashed in several policies on officers no longer with the Company.

Total liabilities decreased $2,072,000 to $270,655,000 at March 31, 2002 from December 31, 2001. While total deposits decrease slightly by $821,000, noninterest-bearing deposits increased $2,821,000 or 5.45% and interest-bearing deposits decreased $3,642,000 or 1.77%. As a result of this decrease in interest-bearing deposits and lower deposit rates, accrued interest payable decreased $155,000. During the three months ended March 31, 2002, the Company repaid $330,000 of its outstanding notes payable.

INVESTMENT SECURITIES

The Company invests a portion of its assets in U.S. treasury bills and notes, U.S. government sponsored agency securities, mortgage backed bonds, as well as some equity securities. Other investments includes Federal Home Loan Bank stock and Federal Reserve Bank stock. At March 31, 2002 and December 31, 2001, the Company's investment securities portfolio represented approximately 24.83% and 21.82% of total assets, respectively.

Investment securities available for sale are summarized as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
At March 31, 2002:				
U.S. Treasury and U.S. Government agencies	$ 18,021	$ 41	$ 326	$ 17,736
State, county, and municipal securities	16,755	75	231	16,599
Mortgage-backed securities	34,641	74	345	34,370
Equity securities	1,400	91	34	1,457
Totals	$ 70,817	$ 281	$ 936	$ 70,162
At December 31, 2001:				
U.S. Treasury and U.S. Government agencies	$ 20,057	$ 126	$ 65	$ 20,118
State, county, and municipal securities	14,740	38	293	14,485
Mortgage-backed securities	25,607	71	189	25,489
Equity securities	1,400	112	25	1,487
Totals	$ 61,804	$ 347	$ 572	$ 61,579

Investment securities held to maturity are summarized as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
At March 31, 2002:				
State, county, and municipal securities	$ 2,376	$ 91	$ -	$ 2,467
Totals	$ 2,376	$ 91	$ -	$ 2,467
At December 31, 2001:				
State, county, and municipal securities	$ 2,676	$ 70	$ 2	$ 2,744
Totals	$ 2,676	$ 70	$ 2	$ 2,744

LOANS

Loans outstanding by classification, are summarized as follows (in thousands):

	March 31, 2002	December 31, 2001
Commercial, financial, and agricultural	$ 47,581	$ 49,336
Installment	7,605	8,154
Real estate - mortgage	78,255	78,291
Real estate - construction	11,754	10,817
Other	11,755	12,603
	156,950	159,201
Less: Net deferred loan fees	216	190
Allowance for loan losses	1,844	2,003
Discount on loans acquired from FDIC	989	1,039
	$ 153,901	$ 155,969

IMPAIRED LOANS

Management considers a loan to be impaired when, based on current information and events, it is probable that all amounts due according to the contractual terms of the loan will not be collected. Impaired loans are measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, or at the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent.

Loans are generally placed on nonaccrual status when the full and timely collection of principal or interest becomes uncertain or the loan becomes contractually in default for 90 days or more in either principal or interest unless the loan is well collateralized and in the process of collection. When a loan is placed on nonaccrual status, current period accrued and uncollected interest is charged to interest income on loans unless management feels the accrued interest is recoverable through the liquidation of collateral. Interest income, if any, on impaired loans is recognized on the cash basis.

At March 31, 2002, the recorded investment in loans that are considered impaired was approximately $2,974,000, a decrease of $343,000 from $3,317,000 at December 31, 2001.

NONPERFORMING ASSETS

Nonperforming assets include nonperforming loans, real estate acquired through foreclosure and repossessed assets. Nonperforming loans consist of loans that are past due with respect to principal or interest more than 90 days or have been placed on nonaccrual status.

With the exception of the loans included within nonperforming assets in the table below, management is not aware of any loans classified for regulatory purposes as loss, doubtful, substandard, or special mention that have not been disclosed which (1) represent or result from trends or uncertainties which management reasonably expects will materially impact future operating results, liquidity, or capital resources, or (2) represent any information on material credits which management is aware that causes management to have serious doubts as to the abilities of such borrowers to comply with the loan repayment terms.

Nonperforming assets increased by $653,000 to $2,885,000 at March 31, 2002 from $2,232,000 at December 31, 2001. Nonperforming assets represented 1.86% of loans, net of unearned income, discounts and real estate acquired through foreclosure at March 31, 2002 as compared to 1.41% at December 31, 2001.

The table below presents a summary of the Company's nonperforming assets at March 31, 2002 and December 31, 2001.

	2002	2001
	(Amounts in thousands, except financial ratios)	
Nonperforming assets:		
Nonperforming loans:		
Nonaccrual loans	$ 2,437	$ 1,761
Past-due loans	26	442
Nonperforming loans	2,463	2,203
Real estate acquired through foreclosure	422	29
Total nonperforming assets	$ 2,885	$ 2,232
Ratios:		
Nonperforming loans to loans, net of unearned income and discount on loans	1.58%	1.39%
Nonperforming assets to loans, net of unearned income, discounts and real estate acquired through foreclosure	1.86%	1.41%
Nonperforming assets to total assets	0.99%	0.76%
Allowance for loan losses to nonperforming loans	74.87%	90.92%
Allowance for loan losses to nonperforming assets	63.92%	89.74%

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is primarily available to absorb losses inherent in the loan portfolio. Credit exposures deemed uncorrectable are charged against the allowance for loan losses. Recoveries of previously charged-off amounts are credited to the allowance for loan losses.

The Company provides for estimated losses on loans receivable when any significant and permanent decline in value occurs. These estimates for losses are based on individual assets and their cash flow forecasts, sales values, independent appraisals, the volatility of certain real estate markets, and concern for disposing of real estate in distressed markets. For loans that are pooled for proposes of determining necessary provisions, estimates are based on loan types, history of charge-offs, and other delinquency analyses. Therefore, the value used to determine the provision for losses is subject to the reasonableness of these estimates. The adequacy of the allowance for loan losses is reviewed on a monthly basis by management and the Board of Directors. On a quarterly basis a comprehensive review of the adequacy of allowance for loan losses is performed. This assessment is made in the context of historical losses as well as existing economic conditions, performance trends within specific portfolio segments, and individual concentrations of credit.

Loans are charged against the allowance when, in the opinion of management, such loans are deemed uncollectable and subsequent recoveries are added to the allowance. For the three months ended March 31, 2002, provisions for loan losses totaled $175,000 compared to $120,000 for the same period in 2001.

The allowance for loan losses for the three month period ended March 31, 2002 was approximately $1,844,000, representing 1.18% of total loans, net of unearned income compared to approximately $2,003,000 at December 31, 2001, which represented 1.27% of total loans, net of unearned income.

Management believes the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions, particularly in the metropolitan Atlanta area. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

A substantial portion of the Company’s loan portfolio is secured by real estate in the metropolitan Atlanta market, including a concentration of church loans. The Company’s church loans were approximately $41.7 million at March 31, 2002 and $43.8 million at December 31, 2001. Accordingly, the ultimate collectibility of the substantial portion of the Company’s loan portfolio is susceptible to changes in market conditions in the metropolitan Atlanta area.

The following table summarizes loans, changes in the allowance for loans losses arising from loans charged off, recoveries on loans previously charged off by loan category, and additions to the allowance which have been charged to operating expense as of and for the three month period ended March 31, 2002 and year ended December 31, 2001, respectively.

	2002	2001
	(Amounts in thousands, except financial ratios)	
Loans, net of unearned income and discounts	$ 155,745	$ 157,972
Average loans, net of unearned income, discounts and the allowance for loan losses	$ 153,992	$ 158,289
Allowance for loans losses at the beginning of period	$ 2,003	$ 2,673
Loans charged off:		
Commercial, financial, and agricultural	90	2,510
Real estate - loans	379	570
Installment loans to individuals	180	276
Total loans charged off	649	3,356
Recoveries of loans previously charged off:		
Commercial, financial, and agricultural	49	359
Real estate - loans	254	343
Installment loans to individuals	12	174
Total loans recovered	315	876
Net loans charged off	334	2,480
Additions to allowance for loan losses charged to operating expense	175	1,810
Allowance for loan losses at period end	$ 1,844	$ 2,003
Ratio of net loans charged off to average loans, net of unearned income and the allowance for loan losses	0.22%	1.57%
Allowance for loan losses to loans, net of unearned income	1.18%	1.27%

DEPOSITS

Deposits remain the Company's primary source of funding loan growth. Total deposits for the first quarter of 2002 reminded constant with December 31, 2001 balance, decreasing by 0.32% or $821,000 to $256,980,000. Noninterest-bearing deposits increased by $2,821,000 or 5.45%, while interest-bearing deposits decreased by $3,642,000 or 1.77%. The Company has corporate and governmental customers that make significant deposits and withdrawal activities based on their budgetary needs. Such activity can influence the Company's deposit balance.

The following is a summary of interest-bearing deposits (in thousands):

	March 31, 2002	December 31, 2001
NOW and money market accounts	$ 42,559	$ 39,989
Savings accounts	59,887	65,556
Time deposits of $100,000 or more	63,465	62,935
Other time deposits	38,177	39,339
Premium on purchased deposits	(1,730)	(1,819)
	$ 202,358	$ 206,000

OTHER BORROWED FUNDS

While the Company continues to emphasize funding earning asset growth through deposits, the Company has relied on other borrowings as a supplemental funding source. Other borrowings consist of Federal Home Loan Bank (the "FHLB") advances and short-term borrowings. The Company's bank subsidiary had outstanding advances from the FHLB of $10,000,000 at March 31, 2002 and December 31, 2001, respectively. The outstanding advances bear interest at a fixed rate of 5.82%. The advances are collateralized by a blanket lien on the Company's 1-4 family mortgage loans.

The Company has an unsecured note payable of approximately $940,000 at March 31, 2002 and December 31, 2001, respectively. The note bears interest at the lender's prime rate minus 50 basis points.

In addition, at December 31, 2001, the Company's mortgage subsidiary had approximately $331,000 outstanding under a secured warehouse line of credit. The line was repaid and terminated during the first quarter of 2002.

RESULTS OF OPERATIONS

Net Interest Income:

Net interest income is the principal component of a financial institution's income stream and represents the difference, or spread, between interest and fee income generated from earning assets and the interest expense paid on deposits and borrowed funds. Fluctuations in interest rates as well as volume and mix changes in earning assets and interest bearing liabilities can materially impact net interest income. During 2001 the Company's net interest income was affected by the Federal Reserve adjusting the federal funds target rate downward 11 times to it current target of 1.75% at March 31, 2002 and a slowdown in the economy. Loan volume was also down as net loans decreased $6,378,000 or 3.98% for the twelve month period ended

March 31, 2002. As a result, net interest income for the three month period decreased $208,000 to $2,681,000 compared to $2,889,000 for the same period in 2001. For the first quarter 2002, interest on loans, including fees decreased $819,000 or 20.80% and interest expense on deposits decreased $574,000 or 30.05% compared to March 31, 2001.

Noninterest income:

Noninterest income consists of revenues generated from a broad range of financial services and activities, including fee-based services, origination fees from Mortgage Services, and profits and commissions earned through securities and insurance sales. In addition, gains and losses realized from the sale of investment portfolio securities and sales of assets are included in noninterest income. Noninterest income totaled $1,352,000 for the first quarter of 2002, a decrease of $1,014,000 or 42.86% compared to March 31, 2001.

Fee income from service charges on deposit accounts decreased slightly by $24,000 in 2002. A large component of the Company's service charges on deposit accounts is related to insufficient funds, returned check charges and other customer service fees.

Gain on sale of investment securities totaled $30,000 for the first quarter in 2002. Gain on sale of assets and investment securities totaled $441,000 for the first quarter in 2001 representing the gains realized on the sale of a non-strategic branch and gains realized from the sale of investment securities. During the first quarter of 2001, the Company liquidated a portion of its equity investment portfolio in anticipation of changes in market conditions and realized a pretax gain of $320,000 and it's also realized a pretax gain of $121,000 on the sale of the branch building.

Origination fees from the mortgage subsidiary decreased $447,000 or 80.11% in the first quarter of 2002. Over the past two years, the mortgage subsidiary has been unfavorably impacted by decreased loan volume. In December 2001, management implemented corrective actions to improve the mortgage subsidiary's financial performance by reducing excess staff and overhead cost to a level to match loan volume. Additionally in December 2001, the Company realigned its mortgage subsidiary to become a department of the bank subsidiary.

Other operating income decreased $132,000 to $353,000 for the three month period ended March 31, 2002 compared to $485,000 for the same period in 2001. This decrease is attributed to various immaterial components of other operating income including investment services and other recoveries.

Noninterest expense:

Noninterest expense totaled $3,512,000 for the three month period ended March 31, 2002, a decrease of $539,000 or 13.31% compared to the same period last year. The decrease, in large part, is due to management's efforts taken last year to reduce overhead expenses by consolidating and closing several under performing branches and restructuring the Company's mortgage subsidiary.

As a result, salaries and employee benefits expense decreased $290,000 or 14.45% for the first quarter of 2002 compared to the same period in 2001.

Net occupancy and equipment expense decreased by $125,000 or 18.36% in 2002 to $556,000 for the first quarter of 2002 compared to the same period in 2001, as the Company closed three branches during the year ended December 31, 2001.

Similarly, other operating expenses, decreased $124,000 or 9.10% to $1,239,000 in 2002, due to the same reasons as the decrease in net occupancy and equipment expense noted above.

INTEREST RATE SENSITIVITY MANAGEMENT

Interest rate sensitivity management involves managing the potential impact of interest rate movements on net interest income within acceptable levels of risk. The Company seeks to accomplish this by structuring the balance sheet so that repricing opportunities exist for both assets and liabilities in equivalent amounts and time intervals. Imbalances in these repricing opportunities at any point in time constitutes a financial institution's interest rate risk. The Company's ability to reprice assets and liabilities in the same dollar amounts and at the same time minimizes interest rate risk.

One method of measuring the impact of interest rate sensitivity is the cumulative gap analysis. The difference between interest rate sensitive assets and interest rate sensitive liabilities at various time intervals is referred to as the gap. The Company is liability sensitive on a short-term basis as reflected in the following table. Generally, a net liability sensitive position indicates that there would be a negative impact on net interest income in an increasing rate environment. However, interest rate sensitivity gap does not necessarily indicate the impact of general interest rate movements on the net interest margin, since all interest rates and yields do not adjust at the same velocity and the repricing of various categories of assets and liabilities is subject to competitive pressures and the needs of the Company's customers. In addition, various assets and liabilities indicated as repricing within the same period may in fact reprice at different times within such period and at different rates. For conservative purposes, the Company has included demand deposits such as NOW, money market and savings accounts in the three month category. However, the actual repricing of these accounts may lag beyond twelve months. The interest rate sensitivity gap is only a general indicator of potential effects of interest rate changes on net interest income.

The following table sets forth the distribution of the repricing of the Company's interest rate sensitive assets and interest rate sensitive liabilities as of March 31, 2002.

	Cumulative amounts as of March 31, 2002 Maturing and repricing within				
	3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	(amounts in thousands, except ratios)				
Interest-sensitive assets:					
Investments	$ -	$ 336	$ 5,535	$ 66,667	$ 72,538
Certificates of deposit	95	-	3,000	-	3,095
Loans	23,939	21,565	60,515	50,931	156,950
Federal funds sold	555	-	-	-	555
Interest-bearing deposits with other banks	28,551	-	-	-	28,551
Total interest-sensitive assets	$ 53,140	$ 21,901	$ 69,050	$ 117,598	$ 261,689
Investment-sensitive liabilities:					
Deposits [(a)]	$ 130,368	$ 55,656	$ 12,180	$ 4,154	$ 202,358
Other borrowings	10,000	940	-	-	10,940
Total interest-sensitive liabilities	$ 140,368	$ 56,596	$ 12,180	$ 4,154	$ 213,298
Interest-sensitivity gap	$ (87,228)	$ (34,695)	$ 56,870	$ 113,444	$ 48,391
Cumulative interest-sensitivity gap to total interest-sensitivity assets	(33.33)%	(46.59)%	(24.86)%	18.49%	18.49%

(a) Savings, Now and money market deposits totaling $102,446,000 are included in the maturing in 3 months classification.

LIQUIDITY

Liquidity is the ability of the Company to convert assets into cash or cash equivalents without significant loss and to raise additional funds by increasing liabilities. Liquidity management involves maintaining the Company's ability to meet the day-to-day cash flow requirements of its customers, whether they are depositors wishing to withdraw funds or borrowers requiring funds to meet their credit needs. Without proper liquidity management, the Company would not be able to perform the primary function of a financial intermediary and would, therefore, not be able to meet the needs of the communities we serve. Additionally, the parent holding company requires cash for various operating needs including: dividends to shareholders; business combinations; capital injections to its subsidiaries; the servicing of debt; and the payment of general corporate expenses.

The primary source of liquidity for the parent holding company is dividends from the Bank. The amount of dividends paid by the Bank to the Company is limited by various banking regulatory agencies. The Georgia Department of Banking and Finance regulates the dividend payments and must approve dividend payments that would exceed 50% of the Bank’s net income for the prior year. The total dividends that could be paid by the Bank to the Company in 2002 without prior regulatory approval is approximately $1,022,000 while continuing to meet the capital requirements for "well-capitalized" banks. Also, the Company has access to various capital markets. The Company does not anticipate any liquidity requirements in the near future that it will not be able to meet. In February 2002, the Bank paid cash dividends totaling $941,000 to the Company.

Asset and liability management functions not only serve to assure adequate liquidity in order to meet the needs of the Company's customers, but also to maintain an appropriate balance between interest-sensitive assets and interest-sensitive liabilities so that the Company can earn a return that meets the investment requirements of its shareholders. Daily monitoring of the sources and uses of funds is necessary to maintain an acceptable cash position that meets both requirements.

The asset portion of the balance sheet provides liquidity primarily through loan principal repayments, maturities of investment securities and, to a lesser extent, sales of investment securities available for sale and trading account securities. Other short-term investments such as federal funds sold, securities purchased under agreements to resell and maturing interest bearing deposits with other banks, are additional sources of liquidity funding.

The liability portion of the balance sheet provides liquidity through various customers' interest bearing and noninterest bearing deposit accounts. Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings are additional sources of liquidity and, basically, represent the Company's incremental borrowing capacity. These sources of liquidity are short-term in nature and are used as necessary to fund asset growth and meet short-term liquidity needs.

CAPITAL RESOURCES

Shareholders' equity decreased by $329,000 for the three months ended March 31, 2002, due to the net change in retained earnings and an increase in accumulated other comprehensive loss. On March 15, 2002, the Company paid a cash dividend of approximately $341,000 to stockholders of record as of March 1, 2002. The annual dividend rate in 2002 was $0.16 per common share. Accumulated other comprehensive loss increased by $285,000 to $435,000 for the first quarter of 2002.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios of total and Tier 1 capital to risk weighted assets, and Tier 1 capital to average assets. As of March 31, 2002, the Company's total and Tier 1 capital to risk weighted assets and Tier 1 to average assets were 14%, 13% and 8% respectively. As of March 31, 2002, the Company meets all capital adequacy requirements to which it is subject.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative information about market risk is as follows (in thousands):

	Carrying Value	Fair Value	% Increase (Decrease) in Fair Value due to Rate Movement	
			Down 100bps	**Up 100 bps**
Investments	$ 72,538	$ 72,629	4.10 %	(4.81) %
Loans	155,745	155,671	1.41	(1.53)
Interest-bearing deposits	202,358	195,027	1.01	(0.99)
Other borrowings	10,940	12,205	6.77	(6.27)

The Company has adopted an asset/liability management program to monitor the Company's interest rate sensitivity and to ensure that the Company is competitive in the loans and deposit markets. Management seeks to manage the relationship between interest-sensitive assets and liabilities in order to protect against wide interest rate fluctuations, including those resulting from inflation. The Company has not entered into any derivative financial instruments such as futures, forwards, swaps or options. Additionally, refer to our interest sensitive management and liquidity disclosures within Part 1, Item 2, of this Form 10-Q.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not aware of any material pending legal proceedings to which the Company or its subsidiary is a party or to which any of their property is subject.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CITIZENS BANCSHARES CORPORATION

Date: May 12, 2002	By:	/s/ James E. Young James E. Young President and Chief Executive Officer
Date: May 12, 2002	By:	/s/ Willard C. Lewis Willard C. Lewis Senior Executive Vice President and Chief Operating Officer
Date: May 12, 2002	By:	/s/ Samuel J. Cox Samuel J. Cox Senior Vice President and Chief Financial Officer