UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10 – Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008

OR

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

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 offices)	(Zip Code)

Registrant's telephone number, including area code: **(678) 406 - 4000**

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) o Yes x No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding for each of the issuer's classes of common stock as of the latest practicable date: 2,007,845 shares of Common Stock, $1.00 par value and 90,000 shares of Non-Voting Common Stock, $1.00 par value outstanding on October 31, 2008.

PART 1. FINANCIAL INFORMATION

ITEM 1. Financial statements

CITIZENS BANCSHARES CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2008 AND DECEMBER 31, 2007
(In thousands, except share data)

	2008 (Unaudited)	2007
ASSETS		
Cash and due from banks	$ 6,858	$ 8,188
Interest-bearing deposits with banks	2,268	522
Certificates of deposit	100	100
Investment securities available for sale, at fair value	81,448	59,677
Investment securities held to maturity, at cost	4,613	7,374
Other investments	1,615	1,842
Loans receivable, net	211,976	235,363
Premises and equipment, net	7,620	7,792
Cash surrender value of life insurance	10,008	9,745
Foreclosed real estate	3,664	2,423
Other assets	5,252	5,358
Total assets	$ 335,422	$ 338,384
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Noninterest-bearing deposits	$ 62,953	$ 53,894
Interest-bearing deposits	223,749	225,705
Total deposits	286,702	279,599
Accrued expenses and other liabilities	3,793	4,368
Federal funds purchased	—	2,000
Notes payable	240	340
Advances from Federal Home Loan Bank	11,767	18,944
Total liabilities	302,502	305,251
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock - $1 par value; 20,000,000 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	7,597	7,554
Retained earnings	25,608	25,071
Treasury stock at cost, 223,109 shares at September 30, 2008 and 227,517 at December 31, 2007	(1,884)	(1,859)
Accumulated other comprehensive income (loss), net of income taxes	(721)	47
Total stockholders' equity	32,920	33,133
	$ 335,422	$ 338,384

See notes to consolidated financial statements.

CITIZENS BANCSHARES CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited - In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Interest income:				
Loans, including fees	$ 3,701	$ 4,832	$ 12,166	$ 13,749
Investment securities:				
Taxable	874	637	2,369	1,977
Tax-exempt	185	201	540	633
Interest-bearing deposits	21	32	130	291
Total interest income	4,781	5,702	15,205	16,650
Interest expense:				
Deposits	1,453	1,909	4,984	5,496
Other borrowings	84	237	238	810
Total interest expense	1,537	2,146	5,222	6,306
Net interest income	3,244	3,556	9,983	10,344
Provision for loan losses	130	—	1,239	—
Net interest income after provision for loan losses	3,114	3,556	8,744	10,344
Noninterest income:				
Service charges on deposits	1,166	823	3,178	2,290
Gain (loss) on sales of securities	10	3	38	(30)
Gain on sales of assets	22	—	32	64
Other operating income	271	284	850	1,032
Total noninterest income	1,469	1,110	4,098	3,356
Noninterest expense:				
Salaries and employee benefits	1,703	1,875	5,351	5,603
Net occupancy and equipment	618	635	1,740	1,774
Other real estate owned	46	3	488	26
Other operating expenses	1,386	1,311	3,856	3,978
Total noninterest expense	3,753	3,824	11,435	11,381
Income before income taxes	830	842	1,407	2,319
Income tax expense	212	174	241	446
Net income	$ 618	$ 668	$ 1,166	$ 1,873
Net income per share - basic	$ 0.29	$ 0.32	$ 0.56	$ 0.90
Net income per share - diluted	$ 0.29	$ 0.32	$ 0.56	$ 0.90
Weighted average outstanding shares - basic	2,096	2,092	2,095	2,089
Weighted average outstanding shares - diluted	2,096	2,092	2,095	2,089
Dividends per common share	$ —	$ —	$ 0.19	$ 0.19

See notes to consolidated financial statements.

CITIZENS BANCSHARES CORPORATION
AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(Unaudited - In thousands, except parenthetical footnotes)

	Common Stock		Nonvoting Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount			Shares	Amount		
Balance—December 31, 2006	2,230	$ 2,230	90	$ 90	$ 7,497	$22,786	(234)	$(1,915)	$ (538)	$30,150
Net income	—	—	—	—	—	1,873	—	—	—	1,873
Unrealized holding gains on investment securities available for sale—net of taxes of $68,293	—	—	—	—	—	—	—	—	133	133
Less reclassification adjustment for holding losses included in net income—net of taxes of $10,302	—	—	—	—	—	—	—	—	20	20
Comprehensive loss	—	—	—	—	—	—	—	—	—	2,026
Cumulative effect of adoption of fair value option	—	—	—	—	—	(173)	—	—	—	(173)
Stock based compensation expense	—	—	—	—	39	—	—	—	—	39
Sale of Treasury stock	—	—	—	—	3	—	7	56	—	59
Dividends declared	—	—	—	—	—	(397)	—	—	—	(397)
Balance—September 30, 2007	**2,230**	**$ 2,230**	**90**	**$ 90**	**$ 7,539**	**$24,089**	**(227)**	**$(1,859)**	**$ (385)**	**$31,704**
Balance—December 31, 2007	2,230	$ 2,230	90	$ 90	$ 7,554	$25,071	(227)	$(1,859)	$ 47	$33,133
Net income	—	—	—	—	—	1,166	—	—	—	1,166
Unrealized holding losses on investment securities available for sale—net of taxes of $383,146	—	—	—	—	—	—	—	—	(743)	(743)
Less reclassification adjustment for holding gains included in net income—net of taxes of $12,816	—	—	—	—	—	—	—	—	(25)	(25)
Comprehensive income (loss)										398
Cumulative effect of adoption of EITF 06-4, net of taxes	—	—	—	—	—	(231)	—	—	—	(231)
Stock based compensation expense	—	—	—	—	43	—	—	—	—	43
Purchase of treasury stock	—	—	—	—	—	—	4	(25)	—	(25)
Dividends declared	—	—	—	—	—	(398)	—	—	—	(398)
Balance—September 30, 2008	**2,230**	**$ 2,230**	**90**	**$ 90**	**$ 7,597**	**$25,608**	**(223)**	**$(1,884)**	**$ (721)**	**$32,920**

See notes to consolidated financial statements.

CITIZENS BANCSHARES CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(In thousands)

	2008	2007
	(Unaudited)	
OPERATING ACTIVITIES:		
Net income	$ 1,166	$ 1,873
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Provision for loan losses	1,239	—
Depreciation	589	581
Amortization and accretion, net	106	213
Provision for deferred income taxes (benefit)	398	145
Gain on sale of assets and investments	(70)	(34)
Stock based compensation expense	43	39
Change in other assets	(200)	(1,034)
Change in accrued expenses and other liabilities	(804)	(66)
Net cash provided by operating activities	2,467	1,717
INVESTING ACTIVITIES:		
Proceeds from calls and maturities of investment securities held to maturity	2,755	149
Proceeds from sales and maturities of investment securities available for sale	19,521	11,019
Purchases of investment securities available for sale	(42,494)	(1,016)
Net change in other investments	227	349
Net change in loans receivable	19,714	(18,360)
Net proceeds (premiums paid) on life insurance policy	—	(28)
Net proceeds from the sale of foreclosed properties	1,241	310
Purchases of premises and equipment, net	(417)	(788)
Proceeds from the sale of premises and equipment, net	—	179
Net change in interest bearing deposits with banks	(1,746)	4,139
Net cash used in investing activities	(1,199)	(4,047)
FINANCING ACTIVITIES:		
Net change in deposits	7,103	13,130
Principal payments on debt	(100)	—
Payoff of junior subordinated debentures, net	—	(5,000)
Net change in advances from Federal Home Loan Bank	(7,178)	(8,824)
Net change in Federal funds purchased	(2,000)	1,000
Sale (purchase) of treasury stock activity	(25)	56
Net change in additional paid-in-capital	—	3
Dividends paid	(398)	(397)
Net cash used in financing activities	(2,598)	(32)
Net change in cash and cash equivalents	(1,330)	(2,362)
Cash and cash equivalents, beginning of period	8,188	8,615
Cash and cash equivalents at end of period	$ 6,858	$ 6,253
Supplemental disclosures of cash paid during the period for:		
Interest	$ 5,547	$ 6,336
Income taxes	$ 1,009	$ 511
Supplemental disclosures of noncash transactions:		
Real estate acquired through foreclosure	$ 2,449	3,217
Change in unrealized gain on investment securities available for sale, net of taxes	$ (768)	$ 153

Cumulative effect of change in accounting principle	$ 231	$ —
Cumulative effect of adoption of fair value option	$ —	$ 173

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Citizens Bancshares Corporation (the "Company") is a holding company that provides a full range of commercial and personal banking services to individual and corporate customers in metropolitan Atlanta and Columbus, Georgia, and in Birmingham and Eutaw, Alabama, through its wholly owned subsidiary, Citizens Trust Bank (the "Bank"). The Bank operates under a state charter and serves its customers through seven full-service financial centers in metropolitan Atlanta, Georgia, one full-service financial center in Columbus, Georgia, one full-service financial center in Birmingham, Alabama, and one full-service financial center in Eutaw, Alabama.

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 Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2007. The results of operations for the interim periods reported herein are not necessarily representative of the results expected for the full 2008 fiscal year.

The consolidated financial statements of the Company for the three and nine month periods ended September 30, 2008 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 and nine 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. Reference is made to the accounting policies of the Company described in the notes to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2007. The Company has followed those policies in preparing this report. Management believes that the quality and reasonableness of its most critical policies enable the fair presentation of its financial position and of its results of operations.

Recently Issued Accounting Standards

The following is a summary of recent authoritative pronouncements that could affect the accounting, reporting, and disclosure of financial information by the Company:

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations," ("SFAS 141(R)") which replaces SFAS 141. SFAS 141(R) establishes principles and requirements for how an acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any controlling interest; recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FAS 141(R) is effective for acquisitions by the Company taking place on or after January 1, 2009. Early adoption is prohibited. Accordingly, a calendar year-end company is required to record and disclose business combinations following existing accounting guidance until January 1, 2009. The Company will assess the impact of SFAS 141(R) if and when a future acquisition occurs.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51” (“SFAS 160”). SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Before this statement, limited guidance existed for reporting noncontrolling interests (minority interest). As a result, diversity in practice exists. In some cases minority interest is reported as a liability and in others it is reported in the mezzanine section between liabilities and equity. Specifically, SFAS 160 requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financials statements and separate from the parent’s equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. SFAS 160 clarifies that changes in a parent’s ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interests. SFAS 160 is effective for the Company on January 1, 2009. Earlier adoption is prohibited. The Company is currently evaluating the impact, if any, the adoption of SFAS 160 will have on its financial position, results of operations and cash flows.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”). SFAS 161 requires enhanced disclosures about an entity’s derivative and hedging activities and thereby improving the transparency of financial reporting. It is intended to enhance the current disclosure framework in SFAS 133 by requiring that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. This disclosure better conveys the purpose of derivative use in terms of the risks that the entity is intending to manage. SFAS 161 is effective for the Company on January 1, 2009. This pronouncement does not impact accounting measurements but will result in additional disclosures if the Company is involved in material derivative and hedging activities at that time.

In February 2008, the FASB issued FASB Staff Position No. 140-3, “Accounting for Transfers of Financial Assets and Repurchase Financing Transactions” (“FSP 140-3”). This FSP provides guidance on accounting for a transfer of a financial asset and the transferor’s repurchase financing of the asset. This FSP presumes that an initial transfer of a financial asset and a repurchase financing are considered part of the same arrangement (linked transaction) under SFAS No. 140. However, if certain criteria are met, the initial transfer and repurchase financing are not evaluated as a linked transaction and are evaluated separately under Statement 140. FSP 140-3 will be effective for financial statements issued for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years and earlier application is not permitted. Accordingly, this FSP is effective for the Company on January 1, 2009. The Company is currently evaluating the impact, if any, the adoption of FSP 140-3 will have on its financial position, results of operations and cash flows.

In April 2008, the FASB issued FASB Staff Position No. 142-3, “Determination of the Useful Life of Intangible Assets” (“FSP 142-3”). This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, “Goodwill and Other Intangible Assets”. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141(R), “Business Combinations,” and other U.S. generally accepted accounting principles. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years and early adoption is prohibited. Accordingly, this FSP is effective for the Company on January 1, 2009. The Company does not believe the adoption of FSP

142-3 will have a material impact on its financial position, results of operations or cash flows.

In May, 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 162, "The Hierarchy of Generally Accepted Accounting Principles," ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). SFAS No. 162 will be effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board's amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The FASB has stated that it does not expect SFAS No. 162 will result in a change in current practice. The application of SFAS No. 162 will have no effect on the Company's financial position, results of operations or cash flows.

Effective January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS 157") which provides a framework for measuring and disclosing fair value under generally accepted accounting principles. SFAS 157 requires disclosures about the fair value of assets and liabilities recognized in the balance sheet in periods subsequent to initial recognition, whether the measurements are made on a recurring basis (for example, available-for-sale investment securities) or on a nonrecurring basis (for example, impaired loans). The Company elected to early adopt the provisions of these statements effective January 1, 2007. See Note 2, "Fair Value of Financial Instruments" to the Consolidated Financial Statements for related disclosures.

SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as U.S. Treasury and other highly liquid investments are actively traded in over-the-counter markets.

Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, certain derivative contracts and impaired loans.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. For example, this category generally includes certain private equity investments, retained residual interests in securitizations, residential mortgage servicing rights, and highly-structured or long-term derivative contracts.

FASB Staff Position No. FAS 157-2 delays the implementation of SFAS 157 until the first quarter of 2009 with respect to goodwill, other intangible assets, real estate and other assets acquired through foreclosure and other non-financial assets measured at fair value on a nonrecurring basis.

During 2007, the FASB's Emerging Issues Task Force ("EITF") issued EITF 06-4 "Accounting for the Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements", which requires an employer to recognize a liability for the postretirement death benefits provided under endorsement split-dollar life insurance arrangements. An endorsement split-dollar life insurance arrangement is where the employer owns a life insurance policy that covers the life of an employee and, pursuant to a separate agreement, endorses a portion of the policy's death benefits to the insured employee's beneficiary. EITF 06-4 is effective for fiscal years beginning after December 15, 2007. The Company has entered into Supplemental Death Benefit Agreements with certain executive officers pursuant to which the Company has agreed to pay a portion of the death benefit to the executives' beneficiaries upon their death. As a result of the adoption of EITF 06-4, the Company recognized a cumulative effect adjustment to retained earnings of $231,000.

FSP SFAS 133-1 and FIN 45-4, "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161," ("FSP SFAS 133-1 and FIN 45-4") was issued September 2008, effective for reporting periods (annual or interim) ending after November 15, 2008. FSP SFAS 133-1 and FIN 45-4 amends SFAS 133 to require the seller of credit derivatives to disclose the nature of the credit derivative, the maximum potential amount of future payments, fair value of the derivative, and the nature of any recourse provisions. Disclosures must be made for entire hybrid instruments that have embedded credit derivatives.

The staff position also amends FIN 45 to require disclosure of the current status of the payment/performance risk of the credit derivative guarantee. If an entity utilizes internal groupings as a basis for the risk, how the groupings are determined must be disclosed as well as how the risk is managed.

The staff position encourages that the amendments be applied in periods earlier than the effective date to facilitate comparisons at initial adoption. After initial adoption, comparative disclosures are required only for subsequent periods.

FSP SFAS 133-1 and FIN 45-4 clarifies the effective date of SFAS 161 such that required disclosures should be provided for any reporting period (annual or quarterly interim) beginning after November 15, 2008. The adoption of this Staff Position will have no material effect on the Company's financial position, results of operations or cash flows.

The SEC's Office of the Chief Accountant and the staff of the FASB issued press release 2008-234 on September 30, 2008 ("Press Release") to provide clarifications on fair value accounting. The press release includes guidance on the use of management's internal assumptions and the use of "market" quotes. It also reiterates the factors in SEC Staff Accounting Bulletin ("SAB") Topic 5M which should be considered when determining other-than-temporary impairment: the length of time and extent to which the market value has been less than cost; financial condition and near-term prospects of the issuer; and the intent and ability of the holder to retain its investment for a period of time sufficient to allow for any anticipated recovery in market value.

On October 10, 2008, the FASB issued FSP SFAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active" ("FSP SFAS 157-3"). This FSP clarifies the application of SFAS No. 157, "Fair Value Measurements" (see Note 2) in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that asset is not active. The FSP is effective upon issuance, including prior periods for which financial statements have not been issued. For the Company, this FSP is effective for the quarter ended September 30, 2008.

The Company considered the guidance in the Press Release and in FSP SFAS 157-3 when conducting its review for other-than-temporary impairment as of September 30, 2008 and determined that it did not result in a change to its impairment estimation techniques.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations and cash flows.

2. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with SFAS No. 159, the Company has elected to record specific financial assets and financial liabilities at fair value. The following is a description of each asset and liability class for which fair value has been elected (in thousands):

Assets Measured at Fair Value on a Recurring Basis:

Description	9/30/2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments securities available for sale	$ 81,448	$ —	$ 81,448	$ —
Total	$ 81,448	$ —	$ 81,448	$ —

Liabilities Measured at Fair Value on a Recurring Basis:

Description	9/30/2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
FHLB Advances	$ 11,767	$ —	$ 11,767	$ —
Total	$ 11,767	$ —	$ 11,767	$ —

The Company is predominantly an asset based lender with real estate serving as collateral on a substantial majority of loans. Loans which are deemed to be impaired are primarily valued nonrecurring basis at the fair values of the underlying real estate collateral. Such fair values are obtained using independent appraisals, which the Company considers to be level 2 inputs. The aggregate carrying amount of impaired loans at September 30, 2008 was $14.8 million.

The Federal Home Loan Bank (the “FHLB”) Advance balance outstanding at September 30, 2008 consist of a Daily Rate Credit advance, which is priced daily off of the Fed Funds rates and an Affordable Housing Program (AHP) award used to subsidized loans for homeownership or rental initiatives. At September 30, 2008, there were no changes in fair values that were included in current earnings.

As of September 30, 2008, the Company has no assets or liabilities whose fair values are measured using level 3 inputs.

3. INTANGIBLE ASSETS

Finite lived intangible assets of the Company represent deposit assumption premiums recorded upon the purchase of certain assets and liabilities from other financial institutions. Deposit assumption premiums are amortized over seven years, the estimated average lives of the deposit bases acquired, using the straight-line method and are included within other assets on the Consolidated Balance Sheets.

The Company applies a fair value-based impairment test to the carrying value of goodwill on an annual basis and on an interim basis if certain events or circumstances indicate that an impairment loss may have been incurred.

The following table presents information about the Company's intangible assets at (in thousands):

	September 30, 2008		December 31, 2007	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Unamortized intangible asset:				
Goodwill	$ 362	$ —	$ 362	$ —
Amortized intangible assets:				
Core deposit intangibles	$ 2,836	$ 2,752	$ 2,836	$ 2,712

The following table presents information about aggregate amortization expense (in thousands):

	For the 3 months ended September 30, 2008	For the 9 months ended September 30, 2008	For the 3 months ended September 30, 2007	For the 9 months ended September 30, 2007
Aggregate amortization expense of core deposit intangibles:	$ 13	$ 40	$ 14	$ 99
Estimated aggregate amortization expense of core deposit intangibles for the years ending December 31:				
2008	$ 53			
2009	$ 53			
2010	$ 18			

4. COMPREHENSIVE INCOME

Comprehensive income includes: (1) reported net income and (2) unrealized gains and losses on marketable securities. The following table shows our comprehensive income (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net Income	$ 618	$ 668	$ 1,166	$ 1,873
Other comprehensive income (loss)	(169)	615	(768)	153
Comprehensive income	$ 449	$ 1,283	$ 398	$ 2,026

5. NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE

Basic and diluted net income per common and potential common share has been calculated based on the weighted average number of shares outstanding. The following schedule reconciles the numerator and denominator of the basic and diluted net income per common and potential common share for the three and nine month periods ended September 30, 2008 and 2007 (in thousands, except per share data):

	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
Three Months ended September 30, 2008			
Basic earnings per share	$ 618	2,096	$ 0.29
Effect of dilutive securities: options to purchase common shares	—	—	—
Diluted earnings per share	$ 618	2,096	$ 0.29
Three Months ended September 30, 2007			
Basic earnings per share	$ 668	2,092	$ 0.32
Effect of dilutive securities: options to purchase common shares	—	—	—
Diluted earnings per share	$ 668	2,092	$ 0.32
Nine Months ended September 30, 2008			
Basic earnings per share	$ 1,166	2,095	$ 0.56
Effect of dilutive securities: options to purchase common shares	—	—	—
Diluted earnings per share	$ 1,166	2,095	$ 0.56
Nine Months ended September 30, 2007			
Basic earnings per share	$ 1,873	2,089	$ 0.90
Effect of dilutive securities: options to purchase common shares	—	—	—
Diluted earnings per share	$ 1,873	2,089	$ 0.90

RECLASSIFICATIONS

Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Citizens Bancshares Corporation (the "Company") is a holding company that provides a full range of commercial and personal banking services to individuals and corporate customers in its primary market areas, metropolitan Atlanta and Columbus, Georgia, and Birmingham and Eutaw, Alabama through its wholly owned subsidiary, Citizens Trust Bank (the "Bank"). The Bank is a member of the Federal Reserve System and operates under a state charter. The Company serves its customers through 10 full-service financial centers in Georgia and Alabama.

Forward Looking Statements

In addition to historical information, this report on Form 10-Q may contain forward-looking statements. For this purpose, any statements contained herein, including documents incorporated by reference, that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are subject to numerous assumptions, risks and uncertainties. Without limiting the foregoing, the words "believe," "anticipates," "plan," expects," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are based on current management expectations and, by their nature, are subject to risk and uncertainties because of the possibility of changes in underlying factors and assumptions. Actual conditions, events or 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 undertakes no obligation to, nor does it intend to, update forward-looking statements to reflect circumstances or events that occur after the date hereof or to reflect the occurrence of unanticipated events.

The following discussion is of the Company's financial condition as of September 30, 2008 and December 31, 2007, and the changes in the financial condition and results of operations for the nine and three months period ended September 30, 2008 and 2007.

Critical Accounting Policies

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 policies upon which its financial status depends. The critical policies were determined by considering accounting policies that involve the most complex or subjective decisions or assessments. The Company's most critical accounting policies relate to:

Investment Securities - The Company classifies investments in one of three categories based on management's intent upon purchase: held to maturity securities which are reported at amortized cost, trading securities which are reported at fair value with unrealized holding gains and losses included in earnings, and available for sale securities which are recorded at fair value with unrealized holding gains and losses included as a component of accumulated other comprehensive income. The Company had no investment securities classified as trading securities during 2008 or 2007.

Premiums and discounts on available for sale and held to maturity securities are amortized or accreted using a method which approximates a level yield.

Gains and losses on sales of investment securities are recognized upon disposition, based on the adjusted cost of the specific security. A decline in market value of any security below cost that is deemed other than temporary is charged to earnings resulting in the establishment of a new cost basis for the security.

Loans - Loans are reported at principal amounts outstanding less unearned income and the allowance for loan losses. Interest income on loans is recognized on a level-yield basis. Loan fees and certain direct origination costs are deferred and amortized over the estimated terms of the loans using the level-yield method. Discounts on loans purchased are accreted using the level-yield method over the estimated remaining life of the loan purchased.

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, not only on individual assets and their related cash flow forecasts, sales values, and independent appraisals, but also on the volatility of certain real estate markets, and the concern for disposing of real estate in distressed markets. For loans that are pooled for purposes of determining the 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 semi-annual basis an independent 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, and individual concentrations of credit. Loans are charged against the allowance when, in the opinion of management, such loans are deemed uncollectible 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-K for the year ended December 31, 2007. The Company has followed those policies in preparing this report.

FINANCIAL CONDITION

Total assets at September 30, 2008 decreased by less than 1% or $2,962,000 to $335,422,000 compared to $338,384,000 at December 31, 2007. Loans receivable the Company's largest earning asset, decreased by $23,387,000 or 10% to $211,976,000 compared to December 31, 2007. Due to the current slowdown in economic conditions in the Company's target markets lending activity has slowed and the Company is being more conservative in its lending criteria. Also, as a strategic risk decision, the Company discontinued several borrowing relationships due to the continuing deterioration in the real estate market and recessionary pressures. The Company's loan officers are spending more time with their loan portfolios to spot deterioration and intervene timely to curtail significant losses. The decrease in Loans receivable, net was offset by an $18,783,000 increase in investment securities and other investments.

Total liabilities at the end of the third quarter of 2008 were $302,502,000, decreasing by $2,749,000 compared to December 31, 2007. Total deposits increased by $7,103,000 to $286,702,000, which was offset by a decrease in Advances from Federal Home Loan Bank of $7,177,000 to $11,767,000. The Company also used the excess liquidity generated from its deposit growth to payoff its outstanding Fed funds purchased in the amount of $2 million. These actions were taken to better manage the

Company's assets/liability structure.

The Company's asset/liability management program, which monitors the Company's interest rate sensitivity as well as volume and mix changes in earning assets and interest bearing liabilities, may impact the growth of the Company's balance sheet as it seeks to maximize net interest income.

INVESTMENT SECURITIES

The composition of the Company's investment securities portfolio reflects the Company's investment strategy of maximizing portfolio yields commensurate with risk and liquidity considerations. The primary objectives of the Company's investment strategy are to maintain an appropriate level of liquidity and provide a tool to assist in controlling the Company's interest rate sensitivity position, while at the same time producing adequate levels of interest income.

The Company invests a portion of its assets in U.S. government sponsored agency securities, state, county and municipal securities, and mortgage backed bonds. At September 30, 2008 and December 31, 2007, the Company's investment securities portfolio represented approximately 26% and 20%, respectively, of total assets.

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

At September 30, 2008	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
State, county, and municipal securities	$ 15,354	$ 105	$ 214	$ 15,245
Mortgage-backed securities	67,187	135	1,119	$ 66,203
Totals	$ 82,541	$ 240	$ 1,333	$ 81,448

At December 31, 2007	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government-sponsored enterprises securities	$ 6,945	$ 24	$ 5	$ 6,964
State, county, and municipal securities	13,919	112	43	13,988
Mortgage-backed securities	38,742	213	230	38,725
Totals	$ 59,606	$ 349	$ 278	$ 59,677

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

At September 30, 2008	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
State, county, and municipal securities	$ 4,004	$ 62	$ —	$ 4,066
Mortgage-backed securities	609	1	—	610
Totals	$ 4,613	$ 63	$ —	$ 4,676

At December 31, 2007	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government-sponsored enterprises securities	$ 2,385	$ —	$ 4	$ 2,381
State, county, and municipal securities	4,256	82	—	4,338
Mortgage-backed securities	733	—	15	718
Totals	$ 7,374	$ 82	$ 19	$ 7,437

Securities classified as available-for-sale are recorded at fair market value and held-to-maturity securities are recorded at amortized cost. The Company evaluates its investment portfolio periodically to identify any impairment that is other than temporary. At September 30, 2008, the Company had several debt securities that have been in an unrealized loss position for twelve months or more. The Company has the ability and intent to hold these securities until such time as the value recovers or the securities mature. The Company believes, based on industry analyst reports and credit ratings, that the deterioration in value is attributable to changes in market interest rates and is not in the credit quality of the issuer and therefore, these losses are not considered other than temporary.

The Company's investment portfolio consists principally of obligations of the United States, its agencies or its corporations and general obligation municipal securities. In the opinion of management, there is no concentration of credit risk in its investment portfolio. The company places its deposits and correspondent accounts with and sells its federal funds to high quality institutions. Management believes credit risk associated with correspondent accounts is not significant.

Other investments consist of Federal Home Loan Bank and Federal Reserve Bank stock which are restricted and have no readily determined market value. The Company is required to maintain an investment in the FHLB and the FRB as part of its membership conditions. The level of investments at the FHLB is primarily determined by the amount of outstanding advances. The FRB investment level is 6 percent of the par value of the bank's common stock outstanding and paid-in-capital. These investments are carried at cost.

Securities with carrying values of $52,915,000 and $56,329,000 at September 30, 2008 and December 31, 2007 were pledged to secure public deposits as required by law.

LOANS

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

		September 30, 2008		December 31, 2007
Commercial, financial, and agricultural	$	11,907	$	9,317
Installment		11,126		12,233
Real estate - mortgage		167,001		182,120
Real estate - construction		23,175		32,453
Other		2,487		2,387
Loans receivable		215,696		238,510
Less: Net deferred loan fees		191		299
Allowance for loan losses		3,529		2,848
Loans receivable, net	$	211,976	$	235,363

The classification Real estate – mortgage consists of home equity loans, mortgages on 1–4 family residential, multifamily residential, and nonfarm residential properties such as churches, hotels, and convenience stores.

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 and 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 of 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.

The challenging financial and credit markets continued to experience difficulty in the nine months of 2008. As the economic outlook became more uncertain due to sharp declines in real estate values, and increases in delinquency levels, the current economic environment has impacted the levels of our nonperforming assets. Year to date, nonperforming assets increased by $8,684,000 to $16,368,000 at September 30, 2008 from $7,684,000 at December 31, 2007. At September 30, 2008, nonperforming assets represents 7.47% of loans, net of unearned income, and real estate acquired through foreclosure as compared to 3.19% at December 31, 2007.

The table below presents a summary of the Company's nonperforming assets at September 30, 2008 and December 31, 2007.

	September 30, 2008	December 31, 2007
	(in thousands, except financial ratios)	
Nonperforming assets:		
Nonperforming loans:		
Nonaccrual loans	$ 12,704	$ 5,261
Past-due loans of 90 days or more	—	—
Nonperforming loans	12,704	5,261
Real estate acquired through foreclosure	3,664	2,423
Total nonperforming assets	$ 16,368	$ 7,684
Ratios:		
Nonperforming loans to loans, net of unearned income and discount on loans	5.89%	2.21%
Nonperforming assets to loans, net of unearned income, and real estate acquired through foreclosure	7.47%	3.19%
Nonperforming assets to total assets	4.88%	2.27%
Allowance for loan losses to nonperforming loans	27.78%	54.12%
Allowance for loan losses to nonperforming assets	21.56%	37.06%

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is primarily available to absorb losses inherent in the loan portfolio. Credit exposures deemed uncollectible are charged against 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 purposes of determining the 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 semi-annual basis an independent 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, and individual concentrations of credit.

Loans are charged against the allowance when, in the opinion of management, such loans are deemed uncollectible and subsequent recoveries are added to the allowance. For the nine months of 2008, based on the Company's evaluation, a provision for loan losses of $1,239,000 was charged against operating earnings. For the same period in 2007, the Company determined that no addition to the provision for loan losses was required. The increase in the provision for loan losses for 2008 relates to several commercial real estate loans where the financial condition of the borrowers and the collateral value securing the loans deteriorated due to current economic conditions.

The allowance for loan losses at September 30, 2008 was approximately $3,529,000, representing 1.64% of total loans, net of unearned income compared to approximately $2,848,000 at December 31, 2007, which represented 1.20% of total loans, net of unearned income. Approximately $1,583,000 of the allowance for loan losses was allocated to loans management considered impaired at September 30, 2008.

At September 30, 2008, 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 and Birmingham markets, including a concentration of loans to churches and convenience stores. The Company’s outstanding church loans were approximately $42 million at September 30, 2008 as compared to $48 million at December 31, 2007. The Company’s loans to area convenience stores were approximately $13 million at September 30, 2008 and December 31, 2007, respectively. Also, 1–4 family residential mortgage loans secured by first liens were approximately $43 million at September 30, 2008 and December 31, 2007, respectively. The Company has no subprime mortgages in its portfolio and exited the mortgage origination business in the third quarter of 2007.

The ultimate collectibility of a significant portion of the Company’s loan portfolio is susceptible to changes in market conditions in the metropolitan Atlanta and Birmingham areas.

The following table summarizes loans, changes in the allowance for loan 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 nine month period ended September 30, 2008 and 2007 (amount in thousands, except financial ratios):

	2008	2007
Loans, net of unearned income	$ 215,505	$ 236,091
Average loans, net of unearned income and the allowance for loan losses	$ 221,610	$ 220,191
Allowance for loan losses at the beginning of period	$ 2,848	$ 3,109
Loans charged-off:		
Commercial, financial, and agricultural	118	53
Real estate - loans	155	193
Installment loans to individuals	377	144
Total loans charged-off	650	390
Recoveries of loans previously charged off:		
Commercial, financial, and agricultural	24	67
Real estate - loans	37	108
Installment loans to individuals	31	54
Total loans recovered	92	229
Net loans charged-off	558	161
Additions to allowance for loan losses charged to operating expense	1,239	—
Allowance for loan losses at period end	$ 3,529	$ 2,948
Ratio of net loans charged-off to average loans, net of unearned income and the allowance for loan losses	0.25%	0.07%
Ratio of allowance for loan losses to loans, net of unearned income and discounts	1.64%	1.25%

DEPOSITS

Deposits are the Company's primary source of funding loan growth. Total deposits at September 30, 2008 increased by 3% or $7 million to $286,702,000, driven by noninterest-bearing deposits which increased by 17% or $9 million compared to December 31, 2007. The increase in noninterest-bearing deposits is primarily attributed to Corporate and Governmental customers who make significant monthly deposits and withdrawals based on their budgetary needs. Interest-bearing deposits were basically flat during the first nine months of 2008, decreasing by $2 million. The Company has an ongoing sales program which places specific emphasis on deposit growth.

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

	September 30, 2008	December 31, 2007
NOW and money market accounts	$ 64,850	$ 68,728
Savings accounts	32,889	33,136
Time deposits of $100,000 or more	78,847	61,210
Other time deposits	47,163	62,631
	$ 223,749	$ 225,705

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 funds purchased, short-term borrowings and FHLB advances.

Federal funds purchased represent unsecured borrowings from other banks and generally mature daily. At December 31, 2007 the company had $2,000,000 outstanding at a rate of 3.65%. There was no amount outstanding at September 30, 2008.

The Company had an unsecured note payable of approximately $240,000 at September 30, 2008 compared to $340,000 at December 31, 2007. The note bears an interest rate of 4.50% at September 30, 2008 and 6.75% at December 31, 2007 (the lender's prime rate minus 50 basis points).

The Bank had outstanding advances from the FHLB of $11,767,000 at September 30, 2008 compared to $18,944,000 at December 31, 2007. The following advances are collateralized by a blanket lien on the Company's 1-4 family mortgage loans, multifamily mortgage loans and commercial real estate loans.

Maturity	Callable	Type	September 30, 2008		December 31, 2007	
July 2009	Daily	Variable	3.25%	$ 11,400,000	4.40%	$ 18,565,000
August 2026		(1)	—	367,000	—	379,408
Total Principal Outstanding				$ 11,767,000		$ 18,944,408
Weighted Average Rate at Period End			3.15%		4.31%	

(1) Represents an Affordable Housing Program (AHP) award used to subsidized loans for homeownership or rental initiatives. The AHP is a principal reducing credit, scheduled to mature on August 17, 2026 with an interest rate of zero.

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.

The Company's net income for the first nine month of 2008 was negatively impacted by slow loan growth, an increase in nonaccrual loans and a sharp reduction in earning asset yields without corresponding levels of reductions in deposit rates due to intense deposit competition and pricing pressure. As a result, the Company's net interest margin declined by 0.31% to 4.35%.

On a year-to-date basis, net interest income decreased $361,000 or 3% to $9,983,000 compared to $10,344,000 for the same period in 2007. Total interest income decreased by $1,445,000 or 9% compared to the same nine month period in 2007 and was primarily due to a $1,583,000 decrease in interest income on loans as a result of lowered yields, volume, and an increase in nonaccrual loans. Total interest expense for the period decreased by $1,084,000 or 17% compared to the same nine month period in 2007. Interest expense on interest-bearing deposits decreased by $512,000 or 9%, as the Company was able to lower rates on some of its deposit products and increased its mix of noninterest-bearing deposits. Also, interest expense on other borrowings decreased by $572,000 or 71% as a result of the payoff of several outstanding borrowings in 2007 that had significant higher rates than our deposit base.

For the three month period ending September 30, 2008, net interest income decreased by $312,000 in the third quarter of 2008 compared to the same period last year. Total interest income for the third quarter of 2008 decreased by $921,000 or 16% and total interest expense decreased by $609,000 or 28% compared to the third quarter of 2007. Interest income on loans decreased by $1,131,000, partially offset by a $221,000 increase in investment income. Interest expense on deposits for the third quarter of 2008 decreased by $456,000 as a result of a change in the mix of deposits and the repricing of deposit rates compared to the same period last year.

The Company has an asset/liability management program which monitors the Company's interest rate sensitivity and ensures the Company is competitive in the loans and deposit market. The Company continues to monitor its asset/liability mix and will make changes as appropriate to ensure it is properly positioned to react to changing interest rates and inflationary trends.

Provision for loan losses

During the nine months period of 2008, the Company recognized additions to the provision for loan losses of $1,239,000 compared to no additions for the same period in 2007. Nonaccrual loans increased by $7,443,000 due to the deteriorating financial condition of several borrowers. The allowance for loan losses increased to $3,529,000 at September 30, 2008 compared to $2,848,000 at December 31, 2007. At September 30, 2008, the allowance for loan losses was 28% of the nonperforming loans compared to 54% at December 31, 2007. The provision for loan losses and the resulting allowance for loan losses are based on changes in the size and character of the Company's loan portfolio, changes in nonperforming and past due loans, the existing risk of individual loans, concentrations of loans to specific borrowers or industries, and economic conditions. At September 30, 2008, the Company considered its allowance for loan losses to be adequate.

Noninterest income:

Noninterest income consists of revenues generated from a broad range of financial services and activities, including fee-based services and commissions earned through 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 $1,469,000 for the three month period ended September 30, 2008, representing an increase of $359,000 or 32% compared with the same period ended September 30, 2007. This increase is primarily attributed to an increase of $343,000 in service charges on deposit income. Overdraft fees, which are a significant component of service charges on deposits, increased by $369,000 compared to the same three month period last year as a result of a new product implemented in the third quarter of 2007. Overdraft fees, due to their nature, fluctuate monthly based on the short-term loan need of the customers.

Year-to-date, noninterest income increased by $742,000 or 22% to $4,098,000 compared to the same period last year. Service charges on deposits increased by $888,000 due to an overdraft program implemented last year. Overdraft fees, a component of service charges on deposits, increased by $970,000 for the nine month period ending September 30, 2008 compared to the same period last year.

Gains on the sales of securities and assets totaled $70,000 during the first nine months of 2008. The Company realized gains in its investment portfolio of $38,000 and gains totaling $32,000 from the liquidation of several foreclosed properties. By comparison, the Company experienced a loss on the sale of securities of $30,000 and a $64,000 gain on the sale of assets for the same nine month period last year.

Noninterest expense:

Noninterest expense includes compensation and benefits, occupancy expenses, advertising and marketing, professional fees, office supplies, data processing, telephone expenses, miscellaneous items and other losses.

Noninterest expense decreased by 2% for the third quarter of 2008 and increased by less than 1% for the first nine months of 2008 compared to the same periods last year. The increase is due to a $462,000 increase in OREO related expenses for the nine month period. Due to the current economic conditions and the deterioration in real estate values in the Company's market area, the value of several OREO properties were written down to approximate current market values. The Company is continuing its strategy to reduce overhead costs and improve the efficiency throughout its financial centers network to offset the impact of slow loan growth, increases in nonaccrual loans and OREO expenses, and margin compression.

For the three month period ended September 30, 2008, total compensation expense decreased by $172,000 and occupancy and equipment expense deceased by $17,000. These decreases are due to the Company's continuing strategy to reduce overhead costs and improve the efficiency of its financial centers network. These reductions were offset by an increase of $43,000 in OREO related expenses and an increase of $75,000 in other operating expenses due to an increase in legal, collections and appraisal fees.

For the nine month period ended September 30, 2008, salaries and employee benefits decreased by $252,000 and occupancy and equipment expenses decreased by $34,000. Other operating expenses decreased by $122,000 compared to the same period last year as a result of expense control and a reduction in other losses in our retail branch operations.

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 constitute 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. The following table shows the contractual maturities of all interest rate sensitive assets and liabilities at September 30, 2008. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Taking a conservative approach, 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 extend 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 September 30, 2008.

	Cumulative amounts as of September 30, 2008 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:					
Interest-bearing deposits with other banks	$ 2,268	$ —	$ —	$ —	$ 2,268
Certificates of deposit	—	100	—	—	100
Investments	—	46	7,311	78,704	86,061
Loans	60,873	19,958	96,678	38,187	215,696
Total interest-sensitive assets	$ 63,141	$ 20,104	$ 103,989	$ 116,891	$ 304,125
Interest-sensitive liabilities:					
Deposits (a)	$ 135,672	$ 36,573	$ 11,840	$ 39,664	$ 223,749
Notes payable	—	240	—	—	240
Other borrowings	—	11,400	—	367	11,767
Total interest-sensitive liabilities	$ 135,672	$ 48,213	$ 11,840	$ 40,031	$ 235,756
Interest-sensitivity gap	$ (72,531)	$ (28,109)	$ 92,149	$ 76,860	$ 68,369
Cumulative interest-sensitivity gap to total interest-sensitive assets	(23.85)%	(33.09)%	(2.79)%	22.48%	22.48%

(a) Savings, Now, and money market deposits totaling $97,739 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 it serves. Additionally, the Company requires cash for various operating needs including: dividends to shareholders; business combinations; capital injections to its subsidiary; the servicing of debt; and the payment of general corporate expenses. The Company has access to various capital markets. However, the primary source of liquidity for the Company is dividends from its bank subsidiary. The Georgia Department of Banking and Finance regulates the dividend payments and must approve dividend payments that exceed 50 percent of the Bank's prior year net income. The payment of dividends may also be affected or limited by other factors, such as the requirement to maintain adequate capital above regulatory guidelines. The amount of dividends available from the Bank without prior approval from the regulators for payment in 2008 is approximately $1,604,000. In 2007, the Georgia Department of Banking and Finance approved a special dividend of $5,155,000 which was used by the Company to redeem its outstanding Junior Subordinated Debentures.

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 or paydowns of investment securities available for sale and held to maturity. Other short-term investments such as federal funds sold 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 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. The Company does not anticipate any liquidity requirements in the near future that it will not be able to meet.

CAPITAL RESOURCES

Stockholders' equity decreased by $213,000 for the nine month period ended September 30, 2008 primarily due to a decrease in accumulated other comprehensive income, net of taxes. Accumulated other comprehensive income, net of taxes decreased by $768,000 to a loss of $721,000 in the first nine months of 2008. This decrease is attributed to the rapid movements in the Treasury markets, wild swings in volatility and credit spreads, and their impact on the Company's available for sale securities portfolio. Retained earnings increased by $537,000 for the year due to an increase in net income of $1,166,000 partially offset by a dividend of $0.19 per common share to stockholders totaling $398,000 and the cumulative effect adjustment in the amount of $231,000 as a result of the adoption of EITF 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsed Split-Dollar Life Insurance Arrangements".

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. The Bank's total and Tier 1 capital to risk weighted assets and Tier 1 to average assets were 14%, 13% and 10% at September 30, 2008 and December 31, 2007, respectively. At September 30, 2008, the Company met all capital adequacy requirements to which it is subject and is considered to be ‘well capitalized” under regulatory standards.

RECENT DEVELOPMENTS

On October 3, 2008, Congress passed the Emergency Economic Stabilization Act of 2008 (“EESA”), which creates the Troubled Asset Relief Program (“TARP”) and provides the U.S. Secretary of the Treasury with broad authority to implement certain actions to help restore stability and liquidity to U.S. markets. The Capital Purchase Program (the “CPP”) was announced by the U.S. Treasury on October 14, 2008 as part of TARP. Pursuant to the CPP, the U.S. Treasury will purchase up to $250 billion of senior preferred shares on standardized terms from qualifying financial institutions. The purpose of the CPP is to encourage U.S. financial institutions to build capital to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy. The CPP is voluntary and requires a participating institution to comply with a number of restrictions and provisions, including standards for executive compensation and corporate governance and limitations on share repurchases and the declaration and payment of dividends on common shares. The CPP allows qualifying financial institutions to issue senior preferred shares to the U.S. Treasury in aggregate amounts between 1 percent and 3 percent of the institution’s risk weighted assets (“Senior Preferred Shares”). The Senior Preferred Shares will qualify as Tier 1 capital and rank senior to our common stock. The Senior Preferred Shares will pay a cumulative dividend rate of 5 percent per annum for the first five years and will reset to a rate of 9 percent per annum after year five. The Senior Preferred Shares will be non-voting, other than class voting rights on matters that could adversely affect the shares. The Senior Preferred Shares will be callable at par after three years. Prior to the end of three years, the Senior Preferred Shares may be redeemed with the proceeds from a qualifying equity offering of any Tier 1 perpetual preferred or common stock. U.S. Treasury may also transfer the Senior Preferred Shares to a third party at any time. In conjunction with the purchase of Senior Preferred Shares, Treasury will receive warrants to purchase common stock with an aggregate market price equal to 15 percent of the Senior Preferred Shares. The exercise price on the warrants will be the market price of the participating institution’s common stock at the time of issuance, calculated on a 20-trading day trailing average. Companies participating in the CPP must adopt the U.S. Treasury’s standards for executive compensation and corporate governance. The Company is currently evaluating its participation in the CPP. If the Company were to participate in the CPP as it is currently structured, it will be unable to pay cash dividends on its common stock without governmental permission for a period of three years from the date of its participation unless the issued securities are no longer held by the U.S. Treasury.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information is not required since the Company qualifies as a smaller reporting company.

ITEM 4T. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we conducted, under the supervision of and with the participation of our management, including the Company’s Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer, an evaluation of the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on this evaluation, the Company’s Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2008 in accumulating and communicating information to management, including the Chief Executive Officer, the Chief Operating Officer, and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures of that information under the SEC’s rules and forms and that the Company’s disclosure controls and procedures are designed to ensure that the information required to be disclosed in reports filed or submitted by the Company under the Securities Exchange Act is recorded, processed, summarized and reported within the specified time periods. During the quarter ended September 30, 2008, there have been no changes in the Company's internal controls over financial reporting or, to the Company's knowledge, in other factors that could significantly change those internal controls subsequent to the date the Company carried out its evaluation that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. However, the design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company and the Bank are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, based in part on the advice of counsel, the ultimate disposition of these matters will not have a material adverse impact on the Company's consolidated financial position.

ITEM 1A. RISK FACTORS

Other than as noted below, we believe there have been no material changes from the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2007. You should carefully consider the factors discussed below and in our Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. The risks described below and in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

The following are supplemental risk factors relating to the recent changes in the strength of the economy and the impact of public perception on our performance.

Weakness in the economy and in the real estate market, including specific weakness within our geographic footprint, has adversely affected us and may continue to adversely affect us.

If the strength of the U.S. economy in general and the strength of the local economies in which we conduct operations decline, or continue to decline, this could result in, among other things, a deterioration in credit quality or a reduced demand for credit, including a resultant adverse effect on our loan portfolio and allowance for loan and lease losses. Declines in the U.S. economy and the real estate market contributed to our increasing provisions for loan losses through the second quarter of 2008, and our expectation for future loan losses and loss provisions for the remainder of 2008 and 2009. These factors could result in loan loss provisions in excess of charge-offs, delinquencies and/or greater charge-offs in future periods, which may adversely affect our financial condition and results of operations. In addition, deterioration of the U.S. economy may adversely impact our traditional banking business. Economic declines may be accompanied by a decrease in demand for consumer or commercial credit and declining real estate and other asset values. Declining real estate and other asset values may reduce the ability of borrowers to use such equity to support borrowings. Delinquencies, foreclosures and losses generally increase during economic slow downs or recessions. Additionally, our servicing costs, collection costs and credit losses may also increase in periods of economic slow down or recessions. The impact of recent events relating to subprime mortgages resulting in a substantial housing recession has not been limited to those directly involved in the real estate construction industry (such as builders and developers). Rather, it has impacted a number of related businesses such as building materials suppliers, equipment leasing firms, and real estate attorneys, among others. All of these affected businesses have banking relationships and when their businesses suffer from recession, the banking relationship suffers as well.

The impact of the current economic downturn on the performance of other financial institutions in our primary market area, actions taken by our competitors to address the current economic downturn, and the public perception of and confidence in the economy generally, and the banking industry specifically, could negatively impact our performance and operations.

All financial institutions are subject to the same risks resulting from a weakening economy such as increased charge-offs and levels of past due loans and nonperforming assets. As troubled institutions in our market area continue to dispose of problem assets, the already excess inventory of residential homes and lots will continue to negatively impact home values and increase the time it takes us or our borrowers to sell existing inventory. The perception that troubled banking institutions (and smaller banking institutions that are not "in trouble") are risky institutions for purposes of regulatory compliance or safeguarding deposits may cause depositors nonetheless to move their funds to larger institutions. If our depositors should move their funds based on events happening at other financial institutions, our operating results would suffer.

We are subject to liquidity risk in our operations.

Liquidity risk is the possibility of being unable to obligations as they come due, capitalize on growth opportunities as they arise, or pay regular dividends because of an inability to liquidate assets or obtain adequate funding on a timely basis, at a reasonable cost and within acceptable risk tolerances. Liquidity is required to fund various obligations, including credit obligations to borrowers, mortgage originations, withdrawals by depositors, repayment of debt, dividends to shareholders, operating expenses and capital expenditures. Liquidity is derived primarily from retail deposit growth and retention, principal and interest payments on loans and investment securities, net cash provided from operation and access to other funding sources. Our access to funding sources in amounts adequate to finance our activities could be impaired by factors that affect us specifically or the financial services industry in general. Factors that could detrimentally affect our access to liquidity sources include a decrease in the level of our business activity due to a market downturn or adverse regulatory action against us. Our ability to borrow could also be impaired by factors that are not specific to us, such as a severe disruption in the financial markets or negative views and expectations about the prospects for the financial services industry as a whole, given the recent turmoil faced by banking organizations in the domestic and worldwide credit markets.

Our ability to raise capital could be limited, could affect our liquidity and could be dilutive to existing shareholders.

Current capital markets conditions are such that traditional sources of capital may not be available to us on reasonable terms if we need to raise such capital. In such a case, there is no guarantee that we will be able to borrow funds or successfully raise additional capital at all or on terms that are favorable or otherwise not dilutive to existing shareholders.

Volatility in the capital and credit markets, together with the current real estate slowdown, have resulted in significant pressure on the financial services industry.

We have experienced a higher level of foreclosures and losses upon foreclosure during recent periods than we have historically. If current volatility and market conditions continue or worse, our business, financial condition and results of operations could be materially adversely affected. We may therefore experience further increases in loan losses, deterioration of capital or limitations on our access to funding or capital.

The Emergency Economic Stabilization Act of 2008 ("EESA") may not stabilize the financial services industry.

The EESA, which was signed into law on October 3, 2008, is intended to alleviate the financial crisis affecting the U.S. banking system. A number of programs are being developed and implemented under EESA. The EESA may not have the intended effect, however, and as a result, the condition of the financial services industry could decline instead of improve. The failure of the EESA to improve the condition of the U.S. banking system could significantly adversely affect our access to funding or capital, the trading price of our stock, and other elements of our business, financial condition, and results of operations.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

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

Exhibit 31

Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32

Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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:	November 14, 2008	By: /s/ James E. Young James E. Young President and Chief Executive Officer
Date:	November 14, 2008	By: /s/ Cynthia N. Day Cynthia N. Day Senior Executive Vice President and Chief Operating Officer
Date:	November 14, 2008	By: /s/ Samuel J. Cox Samuel J. Cox Executive Vice President and Chief Financial Officer

Exhibit 31

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

We, James E. Young, Cynthia N. Day, and Samuel J. Cox certify that:

1. We have reviewed this quarterly report of Citizens Bancshares Corporation on Form 10-Q for the quarterly period ended September 30, 2008;

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

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

4. We are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

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

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. We have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	November 14, 2008	By:	/s/ James E. Young
			James E. Young President and Chief Executive Officer
Date:	November 14, 2008	By:	/s/ Cynthia N. Day
			Cynthia N. Day Senior Executive Vice President and Chief Operating Officer
Date:	November 14, 2008	By:	/s/ Samuel J. Cox
			Samuel J. Cox Executive Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certifications set forth below are hereby submitted to the Securities and Exchange Commission pursuant to, and solely for the purpose of complying with, Section 1350 of Chapter 63 of Title 18 of the United States Code in connection with the filing on the date hereof with the Securities and Exchange Commission of the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2008.

Each of the undersigned hereby certifies in his capacity as an officer of Citizens Bancshares Corporation and subsidiary (the "Company") that, to his knowledge on the date of this certification, the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2008 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition of the Company at the end of such period and the results of operations of the Company for such period.

Date: November 14, 2008

By: /s/ James E. Young
James E. Young
President and Chief Executive Officer

Date: November 14, 2008

By: /s/ Cynthia N. Day
Cynthia N. Day
Senior Executive Vice President and
Chief Operating Officer

Date: November 14, 2008

By: /s/ Samuel J. Cox
Samuel J. Cox
Executive Vice President and
Chief Financial Officer