

## History

Over the last three generations, the Bin Mahfouz family has grown from humble beginnings to become prominent business leaders in the Kingdom of Saudi Arabia. Here is their abridged story.

Khalid Bin Mahfouz's father, Salem Bin Mahfouz, was born in 1906 in the mountainous Hadhramout region of Yemen. His family, members of the Kinda tribe and proud mountain people, were extremely poor. When Salem was six years old, he was sent to the Hejaz region of what is now Saudi Arabia with his brothers to fend for themselves.

Travelling on foot for nearly six months, the small boys arrived in Mecca in 1912. Here Salem lived on and off until 1935, when he settled permanently in Jeddah, having correctly spotted that much of the trade and commerce of Mecca was moving there.

With Abdulaziz Al-Ka'ki as his partner (a good choice as Abdulaziz owned one of the only two telephones in Jeddah), Salem acted as moneychanger for King Abdul Aziz's agents, using Maria Theresa dollars to buy supplies for the army. By 1937, he had become co-owner of the business and its success was evidenced by its capital increasing by 20 times until the partnership was wound up in 1948.

In 1951, Salem and his partners founded a new 50:50 company -The Saleh and Abdulaziz Al-Ka'ki & Salem Bin Mahfouz Company. Since the business was primarily engaged in foreign exchange and banking transactions, Salem met with Sheikh Abdullah Sulayman, the finance minister of King Abdul Aziz, and proposed turning the company into a bank. He argued forcibly that the Saudi economy was being run by foreign banks: surely it was time for the Kingdom to have its own bank. The idea was enthusiastically received and after a meeting with the King, the National Commercial Bank ("NCB") - [www.alahli.com.sa](http://www.alahli.com.sa) - was established in 1953 with a capital of 40,000 Riyals.

Over the ensuing years, Salem's sons joined the growing stable of family businesses. When Salem died in 1994, his estate was divided between Khalid Bin Mahfouz who inherited his father's holding in NCB, his other four sons, Mohammed, Abdulelah, Saleh and Ahmed - who consolidated their inheritance into a holding company called SEDCO (Saudi Economic and Development Company) - and his widow and seven daughters.

In 1997, Khalid Bin Mahfouz sold a 20.7% stake in NCB to a group of private investors in order to facilitate the transition of the bank on 1st July that year from an

unlimited liability private partnership to a joint stock company. In 1999, a further 50% of the family's holding was sold to the Saudi Public Ownership Fund and in late 2002, the family sold its remaining stake to the same fund ([see Arab News and MEED](#)).

The two sons of Khalid Bin Mahfouz, Abdulrahman and Sultan, own and operate a number of their own businesses, which include the Al-Murjan Trading Company.

Khalid Bin Mahfouz died on 16 August 2009.