NatWest profits jump but CEO Alison Rose admits: It’s high anxiety time.

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ATWEST made its highest profits since the financial crash and chief executive Alison Rose also cashed in, with a leap in pay from £3.6 million to £5.2 million.

The 33% jump in profits to £5.1 billion, the best since 2007, is likely to attract attention alongside the rise in executive pay amidst a cost-of-living crisis that is seeing many bank customers squeezed.

NatWest set aside £377 million to deal with future bad debts, but says so far businesses and consumers are coping well with tricky economic conditions.

“People are managing well but they are stressed. It is a high anxiety time,” Rose told the Standard.

While Rose is regarded as a skilled and politically adept CEO her pay may attract attention.

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Her bonus of £2.8 million is the first paid to a Natwest CEO since Stephen Hester in 2010. The board last year, led by chairman Howard Davies, decided it was time to move Rose's pay in line with the CEOs of Barclays and Lloyds.

She told the Standard: "The financial services sector gets paid very well, I am very privileged to do the job I do."

Rose's CFO Katie Murray was paid £3.6 million, up from £1.6 million last time.

NatWest paid more than £2 billion in tax and another £2.6 billion in dividends and share buybacks to the government. Some wonder why the state would sell off its remaining 40% stake rather than keep banking the dividends from owning the shares.

NatWest shares crashed 23p, 8%, to 282p, which leaves the business valued at £27 billion. That was taken as investors taking profits rather than any sign of serious City unease.

Another £800 million share buy back scheme was announced today.

The bank's net interest margin (NIM), the gap between what it pays savers and chargers borrowers rose from 2.3% to 2.85%, the main driver of rising profits.

John Moore at RBC Brewin Dolphin, said: "NatWest is streamlining, benefiting from an improved net interest margin, and has improved confidence and innovation in writing business all of which is delivering greater returns to shareholders – with the dividend supplemented by a share buyback programme. The healthy increase in profits underlines the strong position the bank finds itself in."

Bank critics say they are too slow to pass on higher UK interest rates to savers, while quick to ratchet up mortgage costs.

Rose points out that 92% of mortgage customers are on fixed rate deals.

She accepts times are hard for small businesses. “It is pretty tough out there. People are managing well but they are stressed.”

Steve Clayton at Hargreaves Lansdown said: “NatWest acknowledge that there is a gloomy case that can be made about the outlook as rising interest rates and high utility bills bite, but their customers are so far resilient. Bad debt losses were just 0.09% of the loan book and much of that was assumptions about what’s coming next, rather than loans that have already soured.”