Deutsche Bank has confirmed for the first time that for more than a decade it has been managing funds in the central bank of Turkmenistan, whose former president has been criticised by human rights groups as highly repressive.

The confirmation to the Financial Times followed expressions of concern by German politicians and -campaign groups over the alleged role of Germany's largest bank in the gas-rich central Asian country. Critics say the bank is breaking its own guidelines governing international operations.

The bank admitted that since the early 1990s it had been managing several accounts in the central bank related to international payments and foreign currencies but said it had abided by international banking laws. The bank confirmed it still manages the funds.

Saparmurat Niyazov, the authoritarian president of Turkmenistan from 1991 until his death last December, was accused last year by Amnesty International of "ruthlessly repressing any form of peaceful dissent". Dissidents in the highly-isolated country were "tortured and imprisoned after unfair trials", the human rights group said.

Hanns Michael Holz, Deutsche Bank's sustainability compliance officer, said the deceased dictator did not have control over central bank funds - an allegation challenged by Turkmenistan experts.

Heike Harmgart, economist on Turkmenistan at the European Bank for Reconstruction and Development in London, said the country's central bank was "not independent", adding that bank governors are appointed by the president.

Holger Haibach, a senior legislator from German chancellor Angela Merkel's Christian Democrats and deputy chair of the parliament's human rights committee, told the FT he was concerned about Deutsche Bank's confirmed role in Turkmenistan.

"One can't be happy if a German company has been propping up such a regime," he said, adding that he believed the central bank funds were controlled by the president. Mr Haibach visited Turkmenistan on a fact-finding mission last month and called yesterday for "full information" from Deutsche Bank on its role in the country.

Mr Holz confirmed the authenticity of a letter obtained by the FT confirming details of the bank's Turkmen activities. The letter, dated January 24 2007, was from Bafin, Germany's financial supervisory authority, to Global Witness, a London-based campaign group.

The group alleged last year that Deutsche Bank had, in effect, supported the Niyazov regime and had thereby broken commitments to maintaining high human rights standards as part of its membership of the Global Compact, a United Nations corporate responsibility initiative. The letter said Bafin had, at Deutsche Bank's request, investigated the latter's activities and found that it "held several accounts for the central bank" but no personal accounts for Mr Niyazov. Bafin said "spot checks" on these accounts showed there was "no reason to believe" the bank had broken international rules.

Mr Holz said Deutsche Bank was abiding by the Global Compact but refused to elaborate. Global Witness said Deutsche Bank had "given legitimacy to an illegitimate regime". Ms Harmgart said the EBRD had "no illusions about the lack of political freedoms" in Turkmenistan. "This was why we had very little involvement there" during the Niyazov era.