Note 10: Premises and Equipment

We record all premises and equipment at cost less accumulated amortization except land, which is recorded at cost. Buildings, computer equipment and software, other equipment and leasehold improvements are amortized on a straight-line basis over their estimated useful lives. The maximum estimated useful lives we use to amortize our assets are:

Buildings	40 years
Computer equipment and software	15 years
Other equipment	10 years
Leasehold improvements	Lease term to a maximum of 10 years

(Canadian $ in millions)			2007	2006
	Cost	**Accumulated amortization**	**Carrying value**	Carrying value
Land	**$ 148**	**$ –**	**$ 148**	$ 179
Buildings	**1,162**	**581**	**581**	595
Computer equipment and software	**2,782**	**1,995**	**787**	829
Other equipment	**664**	**493**	**171**	174
Leasehold improvements	**699**	**406**	**293**	270
Total	**$ 5,455**	**$ 3,475**	**$ 1,980**	$ 2,047

Amortization expense for the years ended October 31, 2007, 2006 and 2005 amounted to $390 million, $360 million and $377 million, respectively.

Gains and losses on disposal are included in other non-interest revenue in our Consolidated Statement of Income.

On October 15, 2007, we sold the office tower located at 10199 – 101 Street in Edmonton. The gain on sale was $19 million before tax, of which $6 million was recorded in the Consolidated Statement of Income. The remaining $13 million was deferred and is being recorded as a reduction in rental expense over the term of our lease in the building, which expires in 2017. The deferred gain as at October 31, 2007 was $13 million.

On September 23, 2005, we sold the office tower located at 350 – 7th Avenue South West in Calgary. The gain on sale was $58 million before tax, of which $29 million was recorded in the Consolidated Statement of Income. The remaining $29 million was deferred and is being recorded as a reduction in rental expense over the terms of our leases in the building, which expire between 2015 and 2025. The deferred gain as at October 31, 2007, 2006 and 2005 was $24 million, $26 million and $29 million, respectively.

On March 1, 2005, we sold the land and building located at 111 West Monroe Street in Chicago and concurrently entered into lease agreements at market rates for approximately 50% of the building. The gain on sale of $5 million was deferred and is being recorded as a reduction in rental expense over the terms of our leases in the building, which expire between 2013 and 2035. The deferred gain as at October 31, 2007, 2006 and 2005 was $4 million, $5 million and $5 million, respectively.

We test premises and equipment for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. We write them down to fair value when the related undiscounted cash flows are less than the carrying value. There were no write-downs of premises and equipment due to impairment during the years ended October 31, 2007, 2006 and 2005.

Lease Commitments

We have entered into a number of non-cancellable leases for premises and equipment. Our total contractual rental commitments as at October 31, 2007 were $1,296 million. The commitments for each of the next five years and thereafter are $199 million for 2008, $172 million for 2009, $147 million for 2010, $120 million for 2011, $101 million for 2012 and $557 million thereafter. Included in these amounts are the commitments related to 724 leased branch locations as at October 31, 2007.

Net rent expense for premises and equipment reported in our Consolidated Statement of Income for the years ended October 31, 2007, 2006 and 2005 was $300 million, $292 million and $245 million, respectively.