Note 11: 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)			**2008**	2007
	Cost	**Accumulated amortization**	**Carrying value**	Carrying value
Land	**$ 191**	**$ –**	**$ 191**	$ 148
Buildings	**1,294**	**673**	**621**	581
Computer equipment and software	**3,100**	**2,242**	**858**	787
Other equipment	**731**	**533**	**198**	171
Leasehold improvements	**804**	**445**	**359**	293
Total	**$ 6,120**	**$ 3,893**	**$ 2,227**	$ 1,980

Amortization expense for the years ended October 31, 2008, 2007 and 2006 amounted to $393 million, $390 million and $360 million, respectively.

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

On July 31, 2008, we sold a property with two office buildings housing a total of 75,000 square feet at 1210–1248 10th Avenue in Calgary. The gain on sale was $13 million before tax, which was recorded in our Consolidated Statement of Income.

On October 15, 2007, we sold the office tower located at 10199 – 101 Street N.W. in Edmonton. The gain on sale was $19 million before tax, of which $6 million was recorded in our 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, 2008 and 2007 was $12 million and $13 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 year ended October 31, 2008 ($nil in 2007 and 2006).

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, 2008 were $1,410 million. The commitments for each of the next five years and thereafter are $211 million for 2009, $185 million for 2010, $152 million for 2011, $127 million for 2012, $106 million for 2013 and $629 million thereafter. Included in these amounts are the commitments related to 748 leased branch locations as at October 31, 2008.

Net rent expense for premises and equipment reported in our Consolidated Statement of Income for the years ended October 31, 2008, 2007 and 2006 was $326 million, $300 million and $292 million, respectively.