

HANCOCK JOHN BANK & THRIFT OPPORTUNITY FUND  
Form N-CSR  
January 09, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811- 8568

John Hancock Bank and Thrift Opportunity Fund  
(Exact name of registrant as specified in charter)

601 Congress Street, Boston, Massachusetts 02210  
(Address of principal executive offices) (Zip code)

Alfred P. Ouellette  
Senior Counsel and Assistant Secretary

601 Congress Street

Boston, Massachusetts 02210  
(Name and address of agent for service)

Registrant's telephone number, including area code:  
617-663-4324

Date of fiscal year end:    October 31

Date of reporting period:   October 31, 2008

ITEM 1. REPORT TO SHAREHOLDERS.

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## Discussion of Fund performance

By MFC Global Investment Management (U.S.), LLC

In the 12 months ended October 31, 2008, only cash investments and select government bonds produced positive results in the U.S. financial markets. Damage from the U.S. sub-prime mortgage meltdown spread rapidly through the domestic financial sector, propelled by a crisis of confidence and massive deleveraging. Incredibly,

Fannie Mae, Freddie Mac, AIG, Washington Mutual, Wachovia, National City, and all the major independent investment banks either failed, were seized by the government, merged out of existence, or fundamentally altered their corporate structure.

For the year, John Hancock Bank and Thrift Opportunity Fund posted total returns of  $\square 24.38\%$  at net asset value and  $\square 26.67\%$  at market value. The difference in the Fund's NAV performance and its market performance stems from the fact that the market share price is subject to the dynamics of secondary market trading, which would cause it to trade at a discount or a premium to the Fund's NAV share price at any time. By comparison, returns for the Fund's benchmark, the S&P 1500 Supercomposite Bank Index, and the average open-end specialty-financial fund tracked by Morningstar, Inc., were  $\square 44.24\%$  and  $\square 43.49\%$ , respectively. The Fund's relative performance benefited from our conservative positioning. First, we favored stocks of companies that derive a greater portion of their revenues from fee-based services, rather than traditional spread lending. Second, we generally avoided the less-regulated companies that originated and securitized troubled real estate loans. Third, we were underrepresented in firms with large exposure to construction loans, which significantly underperformed. Many of our stock selection decisions contributed to relative results. It was beneficial that the Fund was underweight in Fannie Mae, Freddie Mac and Washington Mutual. Rather, we favored high-quality, safe-haven regional banks with limited mortgage exposure, such as Hancock Holding Co., Glacier Bancorp, which we sold, Prosperity Bancshares, Inc. and SVB Financial. The key detractors from absolute and relative results tended to be companies with outsized mortgage- or construction-related exposure, including Wachovia, Colonial Bancgroup, and East West Bancorp, which we sold. The other key detractor was Bank of America Corp.

This commentary reflects the views of the portfolio managers through the end of the Fund's period discussed in this report. The managers' statements reflect their own opinions. As such, they are in no way guarantees of future events, and are not intended to be used as investment advice or a recommendation regarding any specific security. They are also subject to change at any time as market and other conditions warrant.

**Past performance is no guarantee of future results.**

Sector investing is subject to greater risks than the market as a whole.

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## Portfolio summary

### Top 10 holdings<sup>1</sup>

PNC Financial Services Group, Inc.	4.7%	People's United Financial, Inc.	3.7%
Cullen/Frost Bankers, Inc.	4.4%	Wells Fargo & Co.	3.5%
SVB Financial Group	4.0%	Bank of New York Mellon Corp.	3.4%
JPMorgan Chase & Co.	3.9%	Bank of America Corp.	3.3%
M&T Bank Corp.	3.8%	State Street Corp.	2.7%

### Industry distribution<sup>1,2</sup>

Regional banks	59%	Asset management & custody banks	7%
Thrifts & mortgage finance	12%	Diversified banks	7%

Diversified financial services	8%	Short-term investments & other	7%
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<sup>1</sup> As a percentage of the Fund's net assets on October 31, 2008.

<sup>2</sup> Sector investing is subject to greater risks than the market as a whole.

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# Fund's investments

## Securities owned by the Fund on 10-31-08

This schedule is divided into five main categories: bonds, common stocks, convertible bonds, capital preferred securities, and short-term investments. Bonds, common stocks, convertible bonds and capital preferred securities are further broken down by industry group. Short-term investments, which represent the Fund's cash position, are listed last.

Issuer	Interest rate	Maturity date	Credit rating (A)	Par value (000)	Value
<b>Bonds 0.22%</b>					<b>\$947,682</b>

(Cost \$1,975,863)

<b>Regional Banks 0.22%</b>					<b>947,682</b>
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CBG Florida REIT Corp. (S)	7.11%	5-29-49	BB+	\$2,100	429,444
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Webster Capital Trust IV (P)	7.65	6-15-37	BB+	1,725	518,238
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Issuer	Shares	Value
<b>Common stocks 91.90%</b>		<b>\$403,483,863</b>

(Cost \$345,304,631)

<b>Asset Management &amp; Custody Banks 7.08%</b>		<b>31,076,169</b>
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Bank of New York Mellon Corp.	451,549	14,720,497
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Northern Trust Corp.	77,580	4,368,530
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State Street Corp.	276,520	11,987,142
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**Diversified Banks 7.00%** **30,753,466**

Comerica, Inc.	248,691	6,861,385
U.S. Bancorp	282,138	8,410,534
Wells Fargo & Co. (L)	454,671	15,481,547

**Diversified Financial Services 7.69%** **33,762,139**

Bank of America Corp.	602,908	14,572,286
Citigroup, Inc.	166,286	2,269,804
JPMorgan Chase & Co.	410,183	16,920,049

**Regional Banks 58.47%** **256,706,820**

Avenue Bank (B)	300,000	1,251,000
BancorpSouth, Inc.	14,000	339,780
Bank of the Ozarks, Inc. (L)	23,683	719,963
BB&T Corp. (L)	299,215	10,726,858
Beverly National Corp.	97,500	1,813,500
Bridge Capital Holdings	150,564	1,430,358
Camden National Corp.	129,000	3,773,250
Capital City Bank Group, Inc.	60,743	1,700,804
City Holding Co.	41,459	1,734,645
CoBiz Financial, Inc. (L)	342,791	3,990,087
Colonial BancGroup, Inc. (L)	911,777	3,701,815
Cullen/Frost Bankers, Inc. (L)	341,622	19,120,583

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## FINANCIAL STATEMENTS

<b>Issuer</b>	<b>Shares</b>	<b>Value</b>
<b>Regional Banks (continued)</b>		
DNB Financial Corp.	78,515	\$824,408
Eastern Virginia Bankshares, Inc.	100,000	1,049,000
ECB Bancorp., Inc.	27,504	522,576
F.N.B. Corp.	502,729	6,585,750
First Bancorp Inc.	146,499	2,636,982
First Horizon National Corp. (L)	144,337	1,719,054
First Midwest Bancorp, Inc.	151,440	3,363,482
Hancock Holding Co. (L)	232,176	10,252,892
Harleysville National Corp. (L)	151,897	2,106,811
Heritage Financial Corp.	96,750	1,181,318
Heritage Oaks Bancorp	19,950	110,922
Huntington Bancshares, Inc.	577,809	5,460,295
IBERIABANK Corp.	70,045	3,568,092
International Bancshares Corp.	220,370	5,723,009
Investors Bancorp, Inc. (I)	45,534	653,868
KeyCorp	348,544	4,262,693
Lakeland Financial Corp.	144,802	3,250,805
M&T Bank Corp.	203,170	16,477,087
MB Financial, Inc.	156,100	4,637,731
National City Corp.	1,487,895	4,017,317
Northrim Bancorp., Inc.	77,232	1,018,690
Pacific Continental Corp.	42,120	600,210

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Pinnacle Financial Partners, Inc. (I)	50,917	1,489,831
PNC Financial Services Group, Inc.	309,823	20,655,899
Prosperity Bancshares, Inc. (L)	318,695	10,583,861
S&T Bancorp., Inc. (L)	154,700	5,275,270
S.Y. Bancorp, Inc.	15,543	428,054
SCBT Financial Corp. (B)	117,079	3,549,600
Signature Bank (I)	354,832	11,560,427
Smithtown Bancorp., Inc. (L)	49,500	973,665
Southcoast Financial Corp.	64,413	331,727
SunTrust Banks, Inc. (L)	188,771	7,577,268
SVB Financial Group (I)	338,489	17,415,259
Synovus Financial Corp.	517,302	5,343,730
TCF Financial Corp.	393,166	6,974,765
Texas Capital Bancshares, Inc. (I)	334,213	5,965,702
TriCo Bancshares	38,000	818,520
UCBH Holdings, Inc. (L)	276,564	1,460,258
Univest Corp.	168,906	5,225,952
Valley National Bancorp. (L)	110,530	2,100,070
Washington Trust Bancorp, Inc. (B)	198,110	4,223,705
WestAmerica Bancorp.	46,133	2,641,114
Zions Bancorp	309,276	11,786,508

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## FINANCIAL STATEMENTS

<b>Issuer</b>	<b>Shares</b>	<b>Value</b>
<b>Thriffs &amp; Mortgage Finance 11.66%</b>		<b>\$51,185,269</b>
Abington Bancorp, Inc.	137,223	1,420,258
Astoria Financial Corp.	75,865	1,442,952
Beneficial Mutual Bancorp, Inc. (I)	7,497	88,840
Benjamin Franklin Bancorp., Inc.	15,000	194,850
Berkshire Hills Bancorp, Inc.	348,903	9,081,945
Danvers Bancorp, Inc.	18,290	224,601
Dime Community Bancshares, Inc.	169,738	2,834,625
ESSA Bancorp, Inc.	86,295	1,196,049
Flushing Financial Corp.	144,922	2,253,537
Hingham Institution for Savings	80,000	2,312,000
Hudson City Bancorp, Inc.	292,810	5,507,756
LSB Corp.	65,000	685,750
New York Community Bancorp, Inc.	153,708	2,407,067
Parkvale Financial Corp.	43,020	644,440
People's United Financial, Inc.	926,048	16,205,840
Sovereign Bancorp, Inc. (I)	184,233	534,276
United Financial Bancorp, Inc.	140,000	1,960,000
WSFS Financial Corp.	45,759	2,190,483
<b>Convertible preferred stocks 0.62%</b> (Cost \$3,431,000)		<b>\$2,744,800</b>
<b>Regional Banks 0.62%</b>		<b>2,744,800</b>
South Financial Group, Inc., 10.00%	3,431	2,744,800

<b>Issuer, description, maturity date</b>	<b>Credit rating (A)</b>	<b>Par value (000)</b>	<b>Value</b>
<b>Capital preferred securities 0.48%</b> (Cost \$5,733,189)			<b>\$2,100,000</b>
<b>Diversified Financial Services 0.48%</b>			<b>2,100,000</b>

Preferred Term Securities XXV, Ltd., Zero Coupon, 6-22-37	None	\$3,000	900,000
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Preferred Term Securities XXVII, Ltd., Zero Coupon, 3-22-38	None	3,000	1,200,000
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<b>Issuer, description</b>	<b>Interest rate</b>	<b>Maturity date</b>	<b>Par value (000)</b>	<b>Value</b>
<b>Short-term investments 17.71%</b> (Cost \$77,751,429)				<b>\$77,751,429</b>
<b>Certificates of Deposit 0.01%</b>				<b>65,778</b>

First Bank Richmond	3.69%	12-05-10	\$17	17,016
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First Bank System, Inc.	2.86	05-01-09	4	4,455
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First Federal Savings Bank of Louisiana	2.98	12-07-09	3	2,847
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Framingham Cooperative Bank	4.50	09-10-09	3	3,401
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## FINANCIAL STATEMENTS

<b>Issuer, description</b>	<b>Interest rate</b>	<b>Maturity date</b>	<b>Par value (000)</b>	<b>Value</b>
<b>Certificates of Deposit (continued)</b>				
Home Bank	4.15%	12-04-10	\$16	\$16,275
Hudson Savings Bank	4.80	04-20-09	2	1,785
Machias Savings Bank	3.54	05-24-09	2	1,672



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Midstate Federal Savings & Loan	3.20	05-27-09	2	1,811
Milford Bank	3.40	05-27-09	2	1,666
Milford Federal Savings and Loan Assn.	3.15	02-28-10	2	1,836
Mount McKinley Savings Bank	4.03	12-03-09	2	1,564
Mt. Washington Bank	3.04	05-31-09	2	1,881
Newtown Savings Bank	3.75	05-30-09	2	1,674
OBA Federal Savings and Loan	4.60	06-15-09	1	1,145
Plymouth Savings Bank	3.59	04-21-09	2	1,730
Randolph Savings Bank	4.00	09-13-09	2	1,714
Salem Five Cents Savings Bank	3.06	12-17-08	2	1,614
Sunshine Federal Savings and Loan Assn.	5.00	05-10-09	2	1,692

<b>Issuer, description, maturity date</b>	<b>Par value (000)</b>	<b>Value</b>
<b>Joint Repurchase Agreement 6.23%</b>		<b>\$27,344,000</b>

Joint Repurchase Agreement with Barclays PLC dated 10-31-08

at 0.15% to be repurchased at \$27,344,342 on 11-03-08, collateralized by \$33,147,457 U.S. Treasury Inflation Indexed Note

1.875% on 7-15-13 (valued at \$27,890,880 including interest).

\$27,344 27,344,000

<b>Issuer</b>	<b>Interest rate</b>	<b>Shares</b>	<b>Value</b>
<b>Cash Equivalents 11.47%</b>			<b>\$50,341,651</b>

John Hancock Cash Investment Trust (T)(W)	2.1118% (Y)	50,341,651	50,341,651
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<b>Total investments (Cost \$434,196,112) 110.93%</b>			<b>\$487,027,774</b>
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<b>Other assets and liabilities, net (10.93%)</b>			<b>(\$47,976,918)</b>
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<b>Total net assets 100.00%</b>			<b>\$439,050,856</b>
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The percentage shown for each investment category is the total value of the category as a percentage of the net assets of the Fund.

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#### Notes to Schedule of Investments

REIT Real Estate Investment Trust

(A) Credit ratings are unaudited and are rated by Moody's Investors Service where Standard & Poor's ratings are not available unless indicated otherwise.

(B) These securities are fair valued in good faith under procedures established by the Board of Trustees. These securities amounted to \$9,024,305 or 2.06% of the Fund's net assets as of October 31, 2008.

(I) Non-income producing security.

(L) All or a portion of this security is on loan as of October 31, 2008.

(P) Variable rate obligation. The coupon rate shown represents the rate at period end.

(S) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers, in transactions exempt from registration.

(T) Represents investment of securities lending collateral.

(W) Issuer is an affiliate of John Hancock Advisers, LLC.

(Y) Represents current yield as of October 31, 2008.

□ At October 31, 2008, the aggregate cost of investment securities for federal income tax purposes was \$434,217,688. Net unrealized appreciation aggregated \$52,810,086, of which \$102,212,250 related to appreciated investment securities and \$49,402,164 related to depreciated investment securities.

Written options on securities for the period ended October 31, 2008 were as follows:

	NUMBER OF CONTRACTS	PREMIUMS RECEIVED
Outstanding, beginning of period	3	\$492
Options written	450	105,798
Option closed	(200)	(39,799)
Options exercised	□	□
Options expired	(253)	(66,491)
<b>Outstanding, end of period</b>	□	□

The Fund had no outstanding written options on October 31, 2008.

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## FINANCIAL STATEMENTS

# Financial statements

## Statement of assets and liabilities 10-31-08

**This Statement of Assets and Liabilities is the Fund's balance sheet. It shows the value of what the Fund owns, is due and owes.**

**Assets**

Investments in unaffiliated issuers, at value (Cost \$383,854,461) including \$49,354,560 of securities loaned (Note 2)	\$436,686,123
Investments in affiliated issuers, at value (Cost \$50,341,651)	50,341,651
<b>Total investments, at value (Cost \$434,196,112)</b>	<b>487,027,774</b>
Cash	209,403
Receivable for investments sold	2,052,659
Dividends and interest receivable	751,678
Other assets	112,790
<b>Total assets</b>	<b>490,154,304</b>

**Liabilities**

Payable for investments purchased	82,012
Payable upon return of securities loaned (Note 2)	50,341,651
Payable to affiliates	
Management fees	335,335
Other	172,691
Other payables and accrued expenses	171,759
<b>Total liabilities</b>	<b>51,103,448</b>

**Net assets**

Capital paid-in	386,305,878
Accumulated net realized loss on investments and options written	(41,526)
Net unrealized appreciation of investments	52,831,662
Accumulated net investment loss	(45,158)

**Net assets applicable to common shares** **\$439,050,856****Net asset value per share**

Based on 21,100,000 shares of beneficial interest outstanding □

unlimited number of shares authorized with no par value.<sup>1</sup>

\$20.81

<sup>1</sup> On December 9, 2008, the Board of Trustees approved a 1-for-4 reverse stock split, that became effective on December 29, 2008.

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## FINANCIAL STATEMENTS

## Statement of operations For the year ended 10-31-08

**This Statement of Operations summarizes the Fund's investment income earned and expenses incurred in operating the Fund. It also shows net gains (losses) for the period stated.**

**Investment income**

Dividends	\$18,469,885
Interest	1,107,493
Securities lending	491,094
Income from affiliated issuers	143,058
<b>Total investment income</b>	<b>20,211,530</b>

**Expenses**

Investment management fees (Note 5)	6,023,794
Administration fees (Note 5)	1,309,520
Transfer agent fees	48,936
Printing fees	125,470
Custodian fees	103,149
Registration and filing fees	86,685
Professional fees	53,747
Trustees' fees	38,680
Miscellaneous	39,367

**Total expenses** **7,829,348**

Less expense reductions (Note 5) (785,712)

**Net expenses** **7,043,636**

**Net investment income** **13,167,894**

**Realized and unrealized gain (loss)****Net realized gain (loss) on**

Investments	22,645,193
Options written	77,140

	<b>22,722,333</b>
<b>Change in net unrealized appreciation (depreciation) of</b>	
Investments	(211,704,041)
Options written	(492)
	<b>(211,704,533)</b>
<b>Net realized and unrealized loss</b>	<b>(188,982,200)</b>
<b>Decrease in net assets from operations</b>	<b>(\$175,814,306)</b>

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## FINANCIAL STATEMENTS

### Statements of changes in net assets

**These Statements of Changes in Net Assets show how the value of the Fund's net assets has changed during the last two periods. The difference reflects earnings less expenses, any investment gains and losses, distributions, if any, paid to shareholders.**

	<b>Year ended 10-31-07</b>	<b>Year ended 10-31-08</b>
<b>Increase (decrease) in net assets</b>		
<b>From operations</b>		
Net investment income	\$13,648,428	\$13,167,894
Net realized gain	135,240,280	22,722,333
Change in net unrealized appreciation (depreciation)	(209,289,837)	(211,704,533)
<b>Decrease in net assets resulting from operations</b>	<b>(60,401,129)</b>	<b>(175,814,306)</b>
<b>Distributions to common shareholders</b>		
From net investment income	(12,793,351)	(14,432,596)
From net realized gain	(78,865,048)	(100,477,621)
From tax return of capital		□ (10,649,131)
	<b>(91,658,399)</b>	<b>(125,559,348)</b>
<b>Total decrease</b>	<b>(152,059,528)</b>	<b>(301,373,654)</b>
<b>Net assets</b>		
Beginning of year	892,484,038	740,424,510
<b>End of year<sup>1</sup></b>	<b>\$740,424,510</b>	<b>\$439,050,856</b>

<sup>1</sup> Includes accumulated net investment income (loss) of \$1,219,544 and (\$45,158), respectively.

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## FINANCIAL STATEMENTS

## Financial highlights

The Financial Highlights show how the Fund's net asset value for a share has changed since the end of the previous period.

**COMMON SHARES**

<b>Period ended</b>	<b>10-31-04</b> <sup>1,2</sup>	<b>10-31-05</b> <sup>1,2</sup>	<b>10-31-06</b> <sup>2</sup>	<b>10-31-07</b> <sup>2</sup>	<b>10-31-08</b> <sup>2</sup>
<b>Per share operating performance</b>					
<b>Net asset value, beginning of year</b>	<b>\$43.76</b>	<b>\$44.68</b>	<b>\$42.08</b>	<b>\$42.28</b>	<b>\$35.08</b>
Net investment income <sup>3</sup>	0.52	0.56	0.64	0.64	0.62
Net realized and unrealized gain (loss) on investments	6.20	1.36	3.84	(3.52)	(8.94)
<b>Total from investment operations</b>	<b>6.72</b>	<b>1.92</b>	<b>4.48</b>	<b>(2.88)</b>	<b>(8.32)</b>
<b>Less distributions to common shareholders</b>					
From net investment income	(0.48)	(0.96)	(0.68)	(0.60)	(0.68)
From net realized gain	(5.32)	(3.56)	(3.60)	(3.72)	(4.76)
From tax return of capital	□	□	□	□	(0.51)
<b>Total distributions</b>	<b>(5.80)</b>	<b>(4.52)</b>	<b>(4.28)</b>	<b>(4.32)</b>	<b>(5.95)</b>
<b>Net asset value, end of year</b>	<b>\$44.68</b>	<b>\$42.08</b>	<b>\$42.28</b>	<b>\$35.08</b>	<b>\$20.81</b>
<b>Per share market value, end of year</b>	<b>\$40.56</b>	<b>\$37.56</b>	<b>\$39.20</b>	<b>\$30.96</b>	<b>\$17.80</b>
<b>Total return at net asset value (%)</b> <sup>4,5,6</sup>	<b>17.93</b> <sup>7</sup>	<b>5.44</b> <sup>7</sup>	<b>12.07</b>	<b>(6.93)</b>	<b>(24.38)</b>
<b>Total return at market value (%)</b> <sup>4,6</sup>	<b>21.37</b>	<b>3.68</b>	<b>16.41</b>	<b>(11.41)</b>	<b>(26.67)</b>

**Ratios and supplemental data**

Net assets applicable to common shares, end of year (in millions)	\$943	\$888	\$892	\$740	\$439
Ratios (as a percentage of average net assets):					
Expenses before reductions	1.47	1.47	1.46	1.44	1.49
Expenses net of all fee waivers	1.39	1.32	1.29	1.29	1.34
Expenses net of all fee waivers and credits	1.39	1.32	1.29	1.29	1.34
Net investment income	1.17	1.34	1.49	1.61	2.51
Portfolio turnover (%)	5	5	9	21	27

<sup>1</sup> Audited by previous Independent Registered Public Accounting Firm.

<sup>2</sup> Per share data has been restated to reflect the effects of a 1-for-4 reverse stock split effective on December 29, 2008.

<sup>3</sup> Based on the average of the shares outstanding.

<sup>4</sup> Assumes dividend reinvestment.

<sup>5</sup> Total returns would have been lower had certain expenses not been reduced during the periods shown.

<sup>6</sup> Total return based on net asset value reflects changes in the Fund's net asset value during each period. Total return based on market value reflects changes in market value. Each figure assumes that dividend and capital gain distributions, if any, were reinvested. These figures will differ depending upon the level of any discount from or premium to net asset value at which the Fund's shares traded during the period.

<sup>7</sup> Unaudited.

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## Notes to financial statements

### **Note 1 Organization**

John Hancock Bank and Thrift Opportunity Fund (the Fund) is a diversified closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act).

### **Note 2 Significant accounting policies**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which require management to make certain estimates and assumptions at th