

HANCOCK JOHN BANK & THRIFT OPPORTUNITY FUND
Form N-CSR
January 08, 2008

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, 2007

ITEM 1. REPORT TO SHAREHOLDERS.

CEO corner

TABLE OF CONTENTS

Your fund at a glance **page 1**

Managers' report **page 2**

Fund's investments **page 6**

Financial statements **page 11**

Notes to financial statements **page 15**

Trustees and officers **page 30**

For more information **page 36**

To Our Shareholders,

Volatility returned to the U.S. stock market in the 12-month period ended October 31, 2007; however, stocks still posted a strong gain of 14.56%, as measured by the Standard & Poor's 500 Index. The market experienced a particularly sharp downturn in August, as the subprime mortgage market's woes increased. Rising defaults and an ensuing credit crunch caused heightened fears about their potential impact on U.S. economic growth. Foreign markets felt some ripple effects from the subprime issue, but they continued nonetheless to benefit from solid economic growth and outperformed the U.S. market in this period.

During this period of volatility, the U.S. stock market also passed a significant milestone - the broad Standard & Poor's 500 Index climbed beyond the record it had set seven years ago. From its peak in March 2000, the stock market spiraled downward three consecutive years, bottoming in 2002. The upturn began in 2003, and the market has advanced each year since, finally setting a new high for the first time on May 30, 2007. During that period, the S&P 500 Index experienced five significant short-term sell-offs of 6% or more, with the August subprime-induced meltdown being the most recent.

This nearly complete market cycle highlights the importance of two investment principles you have heard us speak of often: diversification and patience. By allocating your investments among different asset classes, investment styles and portfolio managers, you are likely to be well represented through all phases of a complete market cycle, with the winners helping to cushion the fall of the losers.

The challenge for investors with a diversified portfolio is to properly evaluate your investments to tell the difference between an underperforming manager and an out-of-favor style, while also understanding the role each investment plays in your portfolio. That's where your financial professional can provide true value. He or she can help you make those assessments and also counsel patience, because a properly diversified portfolio by its very nature will typically have something lagging or out of favor - a concept that can be difficult to live with, but necessary to embrace. If everything in your portfolio is "working," then you are not truly diversified, but rather are leveraged to the current market and the flavor of the day. If so, you are bound to be out of step in the near future.

The recent volatility in the securities markets has prompted many investors to question how long this type of market cycle will last. History tells us it will indeed end and that when it does, today's leaders may well turn into laggards and vice versa. The subprime mortgage market woes are just the latest example of why investors should be both patient and well-diversified. For with patience and a diversified portfolio, it could be easier to weather the market's twists and turns and reach your long-term goals.

Sincerely,

Keith F. Hartstein,
President and Chief Executive Officer

This commentary reflects the CEO's views as of October 31, 2007. They are subject to change at any time.

Your fund at a glance

The Fund seeks long-term capital appreciation with moderate income as a secondary objective by normally investing at least 80% of its assets in stocks of regional banks and lending companies, including commercial and industrial banks, savings and loan associations and bank holding companies.

Over the last twelve months

□ Stocks performed well despite slower economic growth and a credit crunch. The first Fed rate cuts in several years helped the market.

□ Financial stocks lagged the broader market because of worry about exposure to subprime loans; in addition, banks lagged as deposit competition and the interest rate environment limited earnings.

□ The Fund outperformed its benchmark by holding larger, diversified banks with a greater proportion of revenue derived from fee-based services, rather than traditional spread income. The acquisition of several regional bank holdings also helped relative results.

Top 10 issuers

Cullen/Frost Bankers, Inc.	3.8%	Wells Fargo & Co.	3.3%
<hr/>		<hr/>	
Bank of New York Mellon Corp.	3.7%	U.S. Bancorp.	3.1%
<hr/>		<hr/>	
PNC Financial Services Group, Inc.	3.6%	Zions Bancorp	3.0%
<hr/>		<hr/>	
Bank of America Corp.	3.4%	M&T Bank Corp.	2.8%
<hr/>		<hr/>	
Wachovia Corp.	3.4%	JPMorgan Chase & Co.	2.8%
<hr/>		<hr/>	

As a percentage of net assets on October 31, 2007.

1

Managers' report

John Hancock Bank and Thrift Opportunity Fund

On April 30, 2007, portfolio manager James K. Schmidt retired after more than 20 years of distinguished service with John Hancock.

Stocks enjoyed positive returns during the 12 months ended October 31, 2007, when the Standard & Poor's 500 Index rose 14.56% . But the ride was bumpy - stock market volatility surged as trouble in the housing and credit markets weighed on economic growth. To help alleviate some of the market and economic concerns, the Federal Reserve lowered its federal funds rate target in September, on top of cuts to the discount rate in both August and September.

In this environment, financial shares underperformed the broader market by a wide margin, as the Standard & Poor's 500 Financial Index returned -2.40% . Returns for many industry segments were hurt by losses and negative sentiment relating to exposure to subprime loans. For example, thrift and mortgage finance companies were down about 25% for the 12 months. In addition to credit concerns, banking stocks also faced an unfavorable interest rate environment - the yield curve was flat or inverted for much of the period, hurting net interest margins. As a result, the Standard & Poor's 1500 Bank Index, which is representative of the stocks in which the Fund invests, returned -13.23% for the fiscal year.

SCORECARD

INVESTMENT	PERIOD'S PERFORMANCE... AND WHAT'S BEHIND THE NUMBERS
Chittenden Corp. <input type="checkbox"/>	Acquired at a significant premium
Bank of New York Mellon <input type="checkbox"/>	Better-than-expected earnings; realizing benefits of Mellon Financial acquisition
Zions Bancorp <input type="checkbox"/>	Slower business and mortgage-related woes lead to disappointing earnings

2

Portfolio Managers, MFC Global Investment Management (U.S.), LLC Lisa A. Welch and Susan A. Curry

Fund performance

For the 12 months ended October 31, 2007, John Hancock Bank and Thrift Opportunity Fund posted total returns of -6.93% at net asset value (NAV) and -11.41% 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 could cause it to trade at a discount or premium to the Fund's NAV share price at any time.

Though the Fund produced negative absolute returns, it held up better than its benchmark, the S&P 1500 Bank Index. Fund performance relative to the benchmark benefited from some of our stock selection and industry allocation decisions. However, these results trailed the 2.28% average return of the more broadly diversified open-end specialty-financial funds tracked by Morningstar, Inc.

"Regional banks generally endured a very difficult 12 months that saw their earnings deteriorate amid stiff deposit competition, a challenging interest rate environment and mounting credit losses."
Regional banks lagged

Regional banks generally endured a very difficult 12 months that saw their earnings deteriorate amid stiff deposit competition, a challenging interest rate environment and mounting credit losses. Smaller, regional banks and those with exposure to residential construction performed worst.

Edgar Filing: HANCOCK JOHN BANK & THRIFT OPPORTUNITY FUND - Form N-CSR

Many of the portfolio's leading detractors from performance were companies with outsized mortgage, home equity or residential construction exposure, such as Zions Bancorp, Independent Bank Corp., Wachovia Corp., Security Bank Corp., M&T Bank Corp., First Regional Bancorp and Colonial

Bank and Thrift Opportunity Fund

3

BancGroup, Inc. among others. The two largest detractors from relative results come from this list - Zions and Independent, small-cap regional banks with exposure to areas hard-hit by the housing slowdown. These were overweight positions that underperformed as they took hits to their earnings and stock prices as a result of loan losses.

Consolidation helped

But as we've discussed in prior reports, difficult earnings environments for banks often promote consolidation. As a result, merger and acquisition activity was strong. Because we held overweight positions in a number of firms bought out during the period, this trend supported Fund performance relative to the benchmark.

Several of the top-10 contributors to performance were companies acquired during the fiscal year. A good example is long-time holding Chittenden Corp., acquired by the recently converted thrift People's United Financial, Inc. at a significant premium. Along with Compass Bancshares, whose acquisition we discussed in our last report to shareholders, these were two of the leading contributors to performance in the fiscal year. Other portfolio holdings acquired during the period were Alabama National Bancorp, Yardville National, Community Bank, Dessert Community, Commercial Bancshares, Merrill Merchants Bank, Mid-State Bancshares and PennFed Financial Services, Inc.

Fee-based firms key contributors

The other big theme that helps explain why the portfolio held up better than its benchmark was our exposure to firms that typically have more diversified revenue streams and arms to their business that are not dependent upon lending and spread income to generate revenues. Bank of New York Mellon Corp., State Street Corp. and Mellon Financial (acquired by Bank of New York during the period) are good examples of firms that derive a larger percentage of their revenues from fee-based services. Together with SVB Financial Group - another institution with a growing portion of revenues derived from fees - these account for four of the Fund's top-10 contributors to performance.

INDUSTRY DISTRIBUTION1

Regional banks	66%
Diversified banks	12%
Other diversified	
financial services	8%
Asset management &	
custody banks	7%
Thriffs & mortgage	
finance	5%

Bank and Thrift Opportunity Fund

4

Managed distribution update

The Fund continued its managed distribution plan in effect since January 2004, which requires the Fund to make quarterly distributions of at least 2.5% of the preceding calendar year end's net asset value. During this period, the Fund announced quarterly distributions of \$0.2850, \$0.2670, \$0.2670 and \$0.2670 per share to shareholders of record as of December 11, 2006, and March 12, June 11 and September 12, 2007, respectively.

"Though the Fund produced negative absolute returns, it held up better than its benchmark"

Outlook

Our views on the banking industry are mixed. In the near term, we expect earnings growth will continue to be a challenge as credit costs increase. We actually think credit will be manageable for most companies, but provisions made for loan losses will likely be higher in 2008. In addition, sentiment surrounding the banking industry is very negative. Until that turns around, it's hard to see a big rally in the shares.

But that said, we see a number of positives that could provide the catalyst for a rebound in earnings and sentiment longer term. First, the Federal Reserve has started to lower interest rates, and this has typically been a time when bank stocks outperform. Second, in addition to an improving interest rate environment, banks are starting to see better loan yields as risk is re-priced. Third, we expect additional merger activity going forward. Fourth, banks are likely to recapture some of the fees and business lost to the many mortgage originators that have folded up in recent months. Finally, valuations for some of the smaller stocks that have underperformed are attractive, and we think select highquality companies represent compelling opportunities.

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.

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

1 As a percentage of net assets on October 31, 2007.

Bank and Thrift Opportunity Fund

5

FINANCIAL STATEMENTS

Fund's investments

Securities owned by the Fund on 10-31-07

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

Issuer, description, maturity date	Credit rating (A)	Par value (000)	Value
Capital preferred securities 0.34%			\$2,489,821

Edgar Filing: HANCOCK JOHN BANK & THRIFT OPPORTUNITY FUND - Form N-CSR

(Cost \$2,891,405)

Financial Services 0.34% **2,489,821**

Preferred Term Securities XXV, Ltd.,

Zero Coupon, 6-22-37 (Cayman Islands) (F) None \$2,921 2,489,821

Issuer	Shares	Value
--------	--------	-------

Common stocks 97.46% **\$721,613,341**

(Cost \$456,676,054)

Asset Management & Custody Banks 6.73% **49,859,953**

Bank of New York Mellon Corp. (NY) 555,284 27,125,623

Northern Trust Corp. (IL) 70,000 5,264,700

State Street Corp. (MA) 219,000 17,469,630

Diversified Banks 11.91% **88,196,424**

Comerica, Inc. (MI) 328,504 15,334,567

U.S. Bancorp (MN) 700,541 23,229,940

Wachovia Corp. (NC) 548,571 25,086,152

Wells Fargo & Co. (CA) (L) 721,722 24,545,765

Other Diversified Financial Services 8.39% **62,146,910**

Bank of America Corp. (NC) 524,260 25,311,273

Citigroup, Inc. (NY) 325,225 13,626,927

First American Financial Holdings, Inc. (TN) (B) 300,000 2,391,000

JPMorgan Chase & Co. (NY) 442,930 20,817,710

Regional Banks 65.84% **487,462,385**

Access National Corp. (VA) 120,000 722,400

Alabama National Bancorp (AL) 70,400 5,548,928

AmericanWest Bancorp (WA) 364,621 7,048,124

Ameris Bancorp (GA) 98,337 1,657,962

Bank of Hawaii Corp. (HI) 9,300 494,388

Bank of the Ozarks, Inc. (AR) 110,450 3,197,527

BB&T Corp. (NC) 344,846 12,748,957

Beverly National Corp. (MA) 97,500 2,047,500

See notes to financial statements

Bank and Thrift Opportunity Fund

6

FINANCIAL STATEMENTS

Issuer	Shares	Value
--------	--------	-------

Regional Banks (continued)

Boston Private Financial Holdings, Inc. (MA) 10,000 \$287,600

Bridge Capital Holdings (CA) (I) 127,294 2,918,851

Edgar Filing: HANCOCK JOHN BANK & THRIFT OPPORTUNITY FUND - Form N-CSR

Camden National Corp. (ME)	140,000	4,643,800
Capital City Bank Group, Inc. (FL) (L)	74,543	2,101,367
Cardinal Financial Corp. (VA)	20,000	195,800
Cascade Bancorp (OR)	206,740	3,977,678
Chittenden Corp. (VT)	304,981	10,863,423
City Holding Co. (WV)	61,600	2,329,096
City National Corp. (CA)	238,377	16,114,285
CoBiz, Inc. (CO)	340,650	6,080,602
Colonial BancGroup, Inc. (The) (AL)	806,207	15,463,050
Columbia Bancorp (OR)	132,000	2,402,400
Cullen/Frost Bankers, Inc. (TX)	528,270	28,093,399
Dearborn Bancorp, Inc. (MI) (I)	105,622	1,231,553
DNB Financial Corp. (PA)	76,205	1,447,895
East West Bancorp, Inc. (CA)	515,150	17,381,161
Eastern Virginia Bankshares, Inc. (VA)	100,000	1,885,000
ECB Bancorp, Inc. (NC)	65,000	1,706,250
Eurobancshares, Inc. (Puerto Rico) (F)(I)	42,830	267,687
F.N.B. Corp. (PA) (L)	245,049	4,072,714
Financial Institutions, Inc. (NY)	18,600	358,050
First Charter Corp. (NC)	200,550	6,076,665
First Horizon National Corp. (TN)	140,050	3,652,504
First Midwest Bancorp, Inc. (IL)	143,800	4,843,184
First National Lincoln Corp. (ME)	146,499	2,241,435
First Regional Bancorp (CA) (I)	419,000	9,846,500
First State Bancorp (NM)	228,500	3,877,645
Fulton Financial Corp. (PA)	340,390	4,462,513
Glacier Bancorp., Inc. (MT)	516,921	10,514,173
Hancock Holding Co. (MS)	209,650	7,972,990
Harleysville National Corp. (PA) (L)	151,897	2,289,088
Huntington Bancshares, Inc. (OH)	665,215	11,914,001
IBERIABANK Corp. (LA)	60,000	2,974,200
Independent Bank Corp. (MI)	349,935	3,695,314
International Bancshares Corp. (TX)	220,370	4,817,288
KeyCorp (OH)	262,000	7,453,900
Lakeland Financial Corp. (IN)	144,802	3,027,810
M&T Bank Corp. (NY)	211,157	21,005,898
Marshall & Ilsley Corp. (WI)	411,895	17,587,917
MB Financial, Inc. (IL)	156,100	5,204,374
Northrim Bancorp., Inc. (AK)	77,232	1,755,483
Pacific Capital Bancorp (CA)	280,954	5,824,176
Pinnacle Financial Partners, Inc. (TN) (I)	55,000	1,605,450
PNC Financial Services Group, Inc. (PA)	372,246	26,861,271

See notes to financial statements

Bank and Thrift Opportunity Fund

FINANCIAL STATEMENTS

Issuer	Shares	Value
Regional Banks (continued)		
Prosperity Bancshares, Inc. (TX)	95,895	\$3,099,326
Provident Bankshares Corp. (MD)	198,558	4,898,426
Regions Financial Corp. (AL)	225,893	6,126,218
S&T Bancorp, Inc. (PA)	154,700	5,123,664
Sandy Spring Bancorp, Inc. (MD)	75,424	2,241,601
SCBT Financial Corp. (SC)	44,106	1,409,187
Security Bank Corp. (GA) (L)	282,500	2,943,650
Signature Bank (NY) (I)	23,250	793,987
Smithtown Bancorp, Inc. (NY) (L)	49,500	1,096,425
South Financial Group, Inc. (The) (SC)	70,150	1,449,299
Southcoast Financial Corp. (SC) (I)	74,789	1,121,835
Sterling Bancshares, Inc. (TX)	610,150	7,443,830
SunTrust Banks, Inc. (GA)	255,976	18,583,858
SVB Financial Group (CA) (I)	304,700	15,780,413
Synovus Financial Corp. (GA)	582,950	15,366,562
TCF Financial Corp. (MN)	408,166	9,293,940
TriCo Bancshares (CA)	53,000	1,171,300
Umpqua Holdings Corp. (OR)	94,677	1,602,882
UnionBanCal Corp. (CA)	67,550	3,648,376
Union Bankshares Corp. (VA)	10,222	218,444
United Community Banks, Inc. (GA) (L)	37,500	830,250
Univest Corp. (PA) (L)	205,218	4,490,170
Valley National Bancorp (NJ) (L)	105,267	2,155,868
Virginia Commerce Bancorp, Inc. (VA) (I)(L)	31,229	446,262
Virginia Financial Group, Inc. (VA)	128,700	2,335,905
Webster Financial Corp. (CT)	70,110	2,540,786
West Coast Bancorp (OR)	67,583	1,832,851
Westamerica Bancorp (CA) (L)	40,000	1,923,200
Western Alliance Bancorp (NV) (I)(L)	92,000	2,092,080
Whitney Holding Corp. (LA)	264,400	6,784,504
Wilmington Trust Corp. (DE)	267,950	9,745,342
Zions Bancorp (UT)	373,553	22,080,718
Thriffs & Mortgage Finance 4.59%		33,947,669
Astoria Financial Corp. (NY)	75,865	1,971,731
Benjamin Franklin Bancorp, Inc. (MA)	15,000	218,400
Berkshire Hills Bancorp, Inc. (MA)	330,410	9,208,527
Countrywide Financial Corp. (CA)	87,848	1,363,401
Hingham Institute for Savings (MA)	80,000	2,465,600
Hudson City Bancorp, Inc. (NJ)	357,810	5,603,305
LSB Corp. (MA)	65,000	1,029,600
People's United Financial, Inc. (CT)	262,980	4,675,784

Edgar Filing: HANCOCK JOHN BANK & THRIFT OPPORTUNITY FUND - Form N-CSR

Sovereign Bancorp, Inc. (PA)	103,400	1,492,062
Washington Mutual, Inc. (WA)	212,312	5,919,259

See notes to financial statements

Bank and Thrift Opportunity Fund

8

FINANCIAL STATEMENTS

Issuer, description	Interest rate	Maturity date	Par value (000)	Value
Short-term investments 6.93%				\$51,348,260
(Cost \$51,348,260)				
Certificates of Deposit 0.01%				74,705
Country Bank for Savings	5.640%	08-30-08	\$2	1,610
First Bank Richmond	2.960	12-05-07	16	15,628
First Bank System, Inc.	4.889	05-02-08	4	4,260
First Federal Savings Bank of Louisiana	2.480	12-07-07	3	2,711
Framingham Cooperative Bank	3.750	09-10-07	3	3,401
Home Bank	2.720	12-04-07	15	15,047
Hudson River Bank & Trust	1.980	11-21-07	7	7,378
Hudson Savings Bank	4.800	04-20-09	2	1,785
Machias Savings Bank	3.540	05-24-09	2	1,672
Middlesex Savings Bank	5.120	08-17-08	2	1,652
Midstate Federal Savings and Loan Assn.	4.250	05-27-08	2	1,737
Milford Bank	3.400	05-27-09	2	1,666
Milford Federal Savings and Loan Assn.	3.650	02-28-08	2	1,683
Mount McKinley Savings Bank	4.750	12-03-07	1	1,495
Natick Federal Savings Bank	4.590	08-31-08	2	1,683
Newburyport Bank	3.400	10-20-08	2	1,777
Newtown Savings Bank	3.750	05-30-09	2	1,674
OBA Federal Savings Bank	4.600	06-15-09	1	1,145
Plymouth Savings	3.590	04-21-09	2	1,730
Randolph Savings Bank	4.000	09-13-07	2	1,714
Salem Five Bank	3.150	12-17-07	2	1,565
Sunshine Federal Savings and Loan Assn.	5.000	05-10-09	2	1,692

Issuer, description, maturity date	Interest rate	Par value (000)	Value
Joint Repurchase Agreement 2.15%			\$15,912,000
Joint Repurchase Agreement with Barclay's Capital, Inc.			
dated 10-31-07 at 4.550% to be repurchased at			
\$15,914,011 on 11-1-07, collateralized by			

Edgar Filing: HANCOCK JOHN BANK & THRIFT OPPORTUNITY FUND - Form N-CSR

U.S. Treasury Inflation Indexed Bond, 2.375%, due 1-15-27 (valued at \$16,230,240, including interest)	4.550%	\$15,912	15,912,000
---	--------	----------	------------

Shares

Cash Equivalents 4.77%		35,361,555
John Hancock Cash Investment Trust (T)(W)	35,361,555	35,361,555
Total investments (Cost \$510,915,719) 104.73%		\$775,451,422

Other assets and liabilities, net (4.73%)	(\$35,026,912)
--	-----------------------

Total net assets 100.00%	\$740,424,510
---------------------------------	----------------------

The percentage shown for each investment category is the total value of that category, as a percentage of the net assets.

See notes to financial statements

Bank and Thrift Opportunity Fund

9

FINANCIAL STATEMENTS

Notes to Schedule of Investments

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

(B) This security is fair valued in good faith under procedures established by the Board of Trustees. This security amounted to \$2,391,000 or 0.32% of the Fund's net assets as of October 31, 2007.

(F) Parenthetical disclosure of a foreign country in the security description represents country of a foreign issuer.

(I) Non-income-producing security.

(L) All or a portion of this security is on loan as of October 31, 2007.

(T) Represents investment of securities lending collateral.

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

See notes to financial statements

Bank and Thrift Opportunity Fund

10

FINANCIAL STATEMENTS

Financial statements

Statement of assets and liabilities 10-31-07

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 \$475,554,164)	
including \$34,863,389 of securities loaned (Note 1)	\$740,089,867
Investments in affiliated issuers, at value (cost \$35,361,555)	35,361,555
Total investments, at value (cost \$510,915,719)	775,451,422
Cash	3,873
Receivable for investments sold	120,312
Dividends and interest receivable	1,266,654
Other assets	125,281
Total assets	776,967,542

Liabilities

Payable upon return of securities loaned (Note 1)	35,361,555
Payable for options written, at value (premiums received \$492)	-
Payable to affiliates	
Management fees	710,650
Other	59,208
Other payables and accrued expenses	411,619
Total liabilities	36,543,032

Net assets

Capital paid-in	396,955,009
Accumulated net realized gain on investments and options written	77,713,762
Net unrealized appreciation of investments and options written	264,536,195
Accumulated net investment income	1,219,544
Net assets	\$740,424,510

Net asset value per share

Based on 84,400,000 shares of beneficial interest outstanding -	
unlimited number of shares authorized with no par value	\$8.77

See notes to financial statements

Bank and Thrift Opportunity Fund

Statement of operations For the year ended 10-31-07

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 (net of foreign withholding taxes of \$10,383)	\$23,450,234
Interest	943,684
Securities lending	201,209
Total investment income	24,595,127

Expenses

Investment management fees (Note 2)	9,433,230
Administration fees (Note 2)	2,114,892
Printing fees	204,700
Custodian fees	132,705
Transfer agent fees	85,718
Registration and filing fees	81,005
Professional fees	61,106
Trustees' fees	38,626
Securities lending fees	1,734
Miscellaneous	61,918
Total expenses	12,215,634
Less expense reductions (Note 2)	(1,268,935)
Net expenses	10,946,699
Net investment income	13,648,428

Realized and unrealized gain (loss)

Net realized gain on

Investments	135,194,482
Options written	45,798
	135,240,280

Change in net unrealized appreciation (depreciation) of

Investments	(209,290,329)
Options written	492
	(209,289,837)

Net realized and unrealized loss **(74,049,557)**

Decrease in net assets from operations **(\$60,401,129)**

See notes to financial statements

Bank and Thrift Opportunity Fund

FINANCIAL STATEMENTS

Statement 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.

	Year ended 10-31-06	Year ended 10-31-07
Increase (decrease) in net assets		
From operations		
Net investment income	\$13,358,587	\$13,648,428
Net realized gain	91,532,530	135,240,280
Change in net unrealized appreciation (depreciation)	(9,737,872)	(209,289,837)
Increase (decrease) in net assets resulting from operations	95,153,245	(60,401,129)
Distributions to common shareholders		
From net investment income	(14,179,201)	(12,793,351)
From net realized gain	(76,128,800)	(78,865,048)
	(90,308,001)	(91,658,399)
Total increase (decrease)	4,845,244	(152,059,528)
Net assets		
Beginning of year	887,638,794	892,484,038
End of year¹	\$892,484,038	\$740,424,510

1 Includes accumulated net investment income of \$364,467 and \$1,219,544, respectively.

See notes to financial statements

Bank and Thrift Opportunity Fund

13

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

Period ended	10-31-03 ¹	10-31-04 ¹	10-31-05 ¹	10-31-06	10-31-07
Per share operating performance					

Edgar Filing: HANCOCK JOHN BANK & THRIFT OPPORTUNITY FUND - Form N-CSR

Net asset value, beginning of period	\$9.54	\$10.94	\$11.17	\$10.52	10.57
Net investment income ²	0.12	0.13	0.14	0.16	0.16
Net realized and unrealized gain on investments	2.14	1.55	0.34	0.96	(0.88)
Total from investment operations	2.26	1.68	0.48	1.12	(0.72)
Less distributions					
From net investment income	(0.12)	(0.12)	(0.24)	(0.17)	(0.15)
From net realized gain	(0.74)	(1.33)	(0.89)	(0.90)	(0.93)
	(0.86)	(1.45)	(1.13)	(1.07)	(1.08)
Net asset value, end of period	\$10.94	\$11.17	\$10.52	\$10.57	\$8.77
Per share market value, end of period	\$9.65	\$10.14	\$9.39	\$9.80	\$7.74
Total return at NAV^{3,4,5} (%)	27.576	17.936	5.446	12.07	(6.93)
Total return at market value^{3,5} (%)	35.54	21.37	3.68	16.41	(11.41)
Ratios and supplemental data					
Net assets, end of period (in millions)	\$923	\$943	\$888	\$892	\$740
Ratio of net expenses to average net assets (%)	1.43	1.39	1.32	1.29	1.29
Ratio of gross expenses to average net assets ⁷ (%)	1.48	1.47	1.47	1.46	1.44
Ratio of net investment income to average net assets (%)	1.28	1.17	1.34	1.49	1.61
Portfolio turnover (%)	4	5	5	9	21

1 Audited by previous Independent Registered Public Accounting Firm.

2 Based on the average of the shares outstanding.

3 Assumes dividend reinvestment.

4 Total returns would have been lower had certain expenses not been reduced during the periods shown.

5 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.

6 Unaudited.

7 Does not take into consideration expense reductions during the periods shown.

See notes to financial statements

Bank and Thrift Opportunity Fund

14

Notes to financial statements

Note 1 Accounting policies

Edgar Filing: HANCOCK JOHN BANK & THRIFT OPPORTUNITY FUND - Form N-CSR

John Hancock Bank and Thrift Opportunity Fund (the Fund) is a diversified closed-end management investment company, shares of which were initially offered to the public on August 23, 1994, and are publicly traded on the New York Stock Exchange (NYSE).

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 the date of the financial statements. The following summarizes the significant accounting policies of the Fund:

Security valuation

The net asset value of the common shares of the Fund is determined daily as of the close of the NYSE, normally at 4:00 p.m., Eastern Time. Short-term debt investments that have a remaining maturity of 60 days or less are valued at amortized cost, and thereafter assume a constant amortization to maturity of any discount or premium, which approximates market value. Investments in John Hancock Cash Investment Trust (JHCIT), an affiliate of John Hancock Advisers, LLC (the Adviser), a wholly owned subsidiary of John Hancock Financial Services, Inc., a subsidiary of Manulife Financial Corporation (MFC), are valued at their net asset value each business day. All other securities held by the Fund are valued at the last sale price or official closing price (closing bid price or last evaluated quote if no sale has occurred) as of the close of business on the principal securities exchange (domestic or foreign) on which they trade or, lacking any sales, at the closing bid price. Securities traded only in the over-the-counter market are valued at the last bid price quoted by brokers making markets in the securities at the close of trading. Securities for which there are no such quotations, principally debt securities, are valued based on the valuation provided by an independent pricing service, which utilizes both dealer-supplied and electronic data processing techniques, which take into account factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data.

Other assets and securities for which no such quotations are readily available are valued at fair value as determined i