

JOHN HANCOCK BANK & THRIFT OPPORTUNITY FUND
Form PRE 14A
November 02, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under §240.14a-12

JOHN HANCOCK BANK AND THRIFT OPPORTUNITY
FUND

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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 - 1) Amount Previously Paid:

 - 2) Form, Schedule or Registration Statement No.:

 - 3) Filing Party:

 - 4) Date Filed:

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November 19, 2012

John Hancock Bank and Thrift Opportunity Fund

Dear Shareholder:

I am writing to ask for your assistance with an important matter involving your investment in the John Hancock Bank and Thrift Opportunity Fund. The Board of Trustees of your fund has implemented a number of important initiatives designed to enhance shareholder value. In August of this year, the Board approved a 30% increase in the annualized distribution rate from 5.0% of the fund's net asset value to 6.5% of the fund's net asset value. Additionally, the Board approved an amendment to the fund's 80% investment policy to provide the investment team with greater flexibility to take advantage of market opportunities by investing in a broader range of financial services companies. In connection with the change to the fund's investment policy, the Board also approved changing the fund's name to John Hancock Financial Opportunities Fund. The investment policy and name changes are scheduled to become effective on December 14, 2012.

In addition to the changes described above, the Board approved a few additional proposals expected to enhance value for shareholders, which require your approval to be effected. The enclosed Proxy Statement includes instructions on how to cast your vote on these proposals. I encourage you to read the attached materials in their entirety, and if you have any questions, please contact us at 1-866-859-8682.

Revisions to, or Elimination of, Fundamental Investment Restrictions

The fund's shareholders had previously voted in favor of allowing the fund to utilize leverage by issuing equity securities and debt. You are being asked at this meeting to approve a proposal to amend the current fundamental investment restriction regarding borrowing in order to permit the fund to utilize leverage by borrowing from banks and other financial institutions for investment purposes. The change being proposed would provide the fund with flexibility to use the proceeds of borrowed money to take advantage of market opportunities by investing in additional portfolio securities when the return from such investments is expected to exceed the cost of borrowing.

In addition, you are being asked to approve the elimination of an unnecessary fundamental investment restriction on pledging assets.

Amendments to the Investment Advisory and Subadvisory Agreements

In connection with the proposal described above relating to borrowing, you are being asked to approve amendments to the fund's advisory and subadvisory agreements to reflect the inclusion of assets purchased with borrowed funds in the calculation of the advisory and subadvisory fees. To the extent that the fund borrows for investment purposes, the fund's adviser and subadviser would have additional responsibilities and would expend additional resources and effort in managing the amounts borrowed. Accordingly, you are being asked to approve the revisions to the advisory and subadvisory agreements in order to compensate the adviser and the subadviser on all of the fund's assets that they would manage.

Approval of these proposals would not increase the contractual rates at which advisory or the subadvisory fees are charged.

The fund's adviser and subadviser believe that the proposed changes would benefit the fund and its shareholders by allowing the flexibility to pursue additional investment opportunities.

Your Proxy Statement includes a description of each of these proposals.

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Your Vote Matters!

After careful consideration, the Board has unanimously approved each proposal and recommends that shareholders vote FOR its approval, but the final approval requires your vote. No matter how large or small your fund holdings, your vote is important. After you review the proxy materials, please submit your vote promptly to help us avoid the need for additional mailings.

For your convenience, you may vote in one of three ways:

- 1) via telephone by calling the number listed on your proxy card(s),
- 2) via mail by returning the enclosed proxy card(s) or
- 3) via the Internet by visiting the website on your proxy card and entering your control number.

I am confident that the proposed changes will help us better serve all of the fund's shareholders. If you have questions, please call a John Hancock Funds Customer Service Representative at 1-866-859-8682 Monday-Friday between 9:00 A.M. and 11:00 P.M., Eastern Time, and Saturday between 12:00 P.M. and 6:00 P.M., Eastern Time. I thank you for your time and your prompt vote on these matters.

Sincerely,

Andrew G. Arnott

Chief Executive Officer
John Hancock Advisers, LLC

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JOHN HANCOCK BANK AND THRIFT OPPORTUNITY FUND

601 Congress Street

Boston, Massachusetts 02210

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the shareholders of John Hancock Bank and Thrift Opportunity Fund:

Notice is hereby given that a special meeting of shareholders of John Hancock Bank and Thrift Opportunity Fund will be held at 601 Congress Street, Boston, Massachusetts 02210, on **Friday, January 18, 2013, at 2:00 P.M., Eastern Time** (the Meeting). A proxy statement, which provides information about the purposes of the Meeting, is included with this notice. The Meeting will be held for the following purposes:

Proposal 1 Revision to, or elimination of, fundamental investment restrictions regarding:

- (a) Borrowing money; and
- (b) Pledging, mortgaging, or hypothecating assets;

Proposal 2 (a) An amendment to the advisory agreement to reflect the inclusion of borrowing for investment purposes and other financial leverage in the calculation of the advisory fees and to add a fee breakpoint; and

- (b) An amendment to the subadvisory agreement to reflect the inclusion of borrowing for investment purposes and other financial leverage in the calculation of the subadvisory fees.

Any other business that may properly come before the Meeting or any adjournment of the Meeting.

The Board of Trustees recommends that you vote FOR each proposal.

Each shareholder of record of the fund as of the close of business on November 1, 2012 is entitled to receive notice of, and to vote at, the Meeting and at any adjournment thereof.

Whether or not you expect to attend the Meeting, please complete and return the enclosed proxy card in the accompanying envelope. No postage is necessary if mailed in the United States.

**Important Notice Regarding the Availability of Proxy Materials for
the Shareholder Meeting to Be Held on January 18, 2013.**

The Proxy Statement is available at: www.jhfunds.com/proxy.

By order of the Board of Trustees,

Thomas M. Kinzler

Secretary

November 19, 2012

Boston, Massachusetts

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Your vote is important - Please vote your shares promptly.

Shareholders are invited to attend the Meeting in person. Valid photo identification may be required to attend the Meeting in person. Any shareholder who does not expect to attend the Meeting is urged to vote by:

- (i) **completing the enclosed proxy card(s), dating and signing it, and returning it in the envelope provided, which needs no postage if mailed in the United States;**

- (ii) **following the touch-tone telephone voting instructions found below; or**

- (iii) **following the Internet voting instructions found below.**

In order to avoid unnecessary expense, we ask your cooperation in responding promptly, no matter how large or small your holdings may be.

INSTRUCTIONS FOR EXECUTING PROXY CARDS

The following general rules for executing proxy cards may be of assistance to you and help avoid the time and expense involved in validating your vote if you fail to execute your proxy card(s) properly.

Individual Accounts: Your name should be signed exactly as it appears on the proxy card(s).

Joint Accounts: Either party may sign, but the name of the party signing should conform exactly to a name shown on the proxy card(s).

All other accounts should show the capacity of the individual signing. This can be shown either in the form of the account registration itself or by the individual executing the proxy card(s).

INSTRUCTIONS FOR VOTING BY TOUCH-TONE TELEPHONE

Read the enclosed proxy statement, and have your proxy card(s) handy.

Call the toll-free number indicated on your proxy card(s).

Enter the control number found on the front of your proxy card(s).

Follow the recorded instructions to cast your vote.

INSTRUCTIONS FOR VOTING BY INTERNET

Read the enclosed proxy statement, and have your proxy card(s) handy.

Go to the Web site on the proxy card(s).

Enter the control number found on your proxy card(s).

Follow the instructions on the Web site.

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JOHN HANCOCK BANK AND THRIFT OPPORTUNITY FUND

PROXY STATEMENT

SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JANUARY 18, 2013

Important Notice Regarding the Availability of Proxy Materials for

the Special Shareholder Meeting to Be Held on January 18, 2013: This Proxy

Statement is available at www.jhfunds.com/proxy.

This Proxy Statement contains the information that a shareholder should know before voting on the proposals described in the notice. *The fund will furnish, without charge, a copy of its Annual Report and/or Semiannual Report to any shareholder upon request by writing to the fund at 601 Congress Street, Boston, Massachusetts 02210 or by calling 1-800-225-6020.*

This Proxy Statement is being used in connection with the solicitation of proxies by the Board of Trustees at the special meeting of John Hancock Bank and Thrift Opportunity Fund (the fund or BTO). The special meeting will be held at 601 Congress Street, Boston, Massachusetts 02210, on Friday, January 18, 2013, at 2:00 P.M., Eastern Time (the Meeting). Shareholders of the fund are being asked to vote on (1) revision to, or elimination of, fundamental investment restrictions regarding: (a) borrowing money and pledging, mortgaging, or hypothecating assets; (2) an amendment to the advisory agreement to reflect the inclusion of borrowing for investment purposes and other financial leverage in the calculation of the advisory fees; and (3) an amendment to the subadvisory agreement to reflect the inclusion of borrowing for investment purposes and other financial leverage in the calculation of the subadvisory fees. The definitive Proxy Statement and proxy card are intended to be first mailed to shareholders on or about November 19, 2012.

John Hancock Advisers, LLC (the Adviser) serves as the fund's investment adviser and administrator. An affiliate of the Adviser, John Hancock Asset Management a division of Manulife Asset Management (US) LLC (the Subadviser), serves as the fund's subadviser.

Record Ownership

The Trustees of the fund have fixed the close of business on November 1, 2012 as the record date for determining shareholders eligible to vote at the Meeting (the Record Date). All shareholders of record at the close of business on the Record Date are entitled to one vote for each share (and fractional votes for fractional shares) on all business of the Meeting or any adjournment of the Meeting. On the Record Date, 18,528,511 shares of beneficial interest of the fund were outstanding.

As of the Record Date, none of the Trustees beneficially owned individually, and the Trustees and executive officers of the fund as a group, did not beneficially own in excess of one percent of the outstanding shares of the fund. To the best knowledge of the fund, the shareholder listed below owned more than 5% of the fund's shares as of the date indicated. This information may be different as of the Record Date.

Name and Address of Owner	Percent
First Trust Portfolios LP 120 East Liberty Drive Wheaton, Illinois 60187	10.42% ⁽¹⁾

(1) As of June 30, 2012.

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PRELIMINARY PROXY STATEMENT

PROPOSALS 1(a) AND 1(b) - REVISION TO, OR ELIMINATION OF, CERTAIN FUNDAMENTAL INVESTMENT RESTRICTIONS

Introduction

The Board of Trustees of BTO recommends that shareholders approve a proposal to amend the fund's fundamental investment restriction limiting the fund's ability to borrow money. If shareholders approve this proposal, the fund would be permitted to increase its assets available for investment by borrowing from banks and other financial institutions, an investment strategy commonly referred to as leverage. The fund can currently utilize leverage by issuing equity securities and debt, but not by borrowing. The proposed change is therefore designed to permit the fund to utilize an additional form of leverage.

The Trustees also recommend that shareholders approve a proposal to remove the fund's fundamental investment restriction regarding pledging, hypothecating, mortgaging and otherwise encumbering its assets. If shareholders approve this proposal, the fund would be permitted to pledge, hypothecate and mortgage its assets without the current limitations.

Because these two restrictions are fundamental, they cannot be changed without shareholder approval.

Proposal 1(a): Amendment of Fundamental Investment Restriction Relating to Borrowing.

BTO currently has a fundamental investment policy regarding borrowing money and issuing senior securities that permits the fund to issue senior securities including equity or debt securities such as preferred shares, notes and bonds. This investment restriction, however, places limits on the amount of money that the fund may borrow and the purposes for which the fund may borrow money. BTO may borrow money in connection with the repurchase or retirement of securities, or tender offers, to the extent permitted by the Investment Company Act of 1940, as amended (the 1940 Act), and for temporary or emergency purposes in an amount not to exceed 5% of its total assets. BTO can also issue short-term credits necessary for settlement of securities transactions. The current limitations on borrowing are more restrictive than those imposed by the 1940 Act. BTO's current investment restriction on borrowing is stated as follows:

The fund may not borrow, except that (a) the fund may issue senior securities, as defined in the Investment Company Act, to the extent permitted under the Investment Company Act, (b) short-term credits necessary for settlement of securities transactions are not considered borrowings, (c) the fund may borrow up to 5% of its total assets (including the amount borrowed) for temporary or emergency purposes and (d) the fund may borrow to the extent permitted by the Investment Company Act pending the orderly disposition of portfolio securities sufficient to repay such borrowings in connection with the funding of repurchases or retirement of securities, or tender offers.

BTO's proposed investment borrowing restriction is as follows:

The fund may not issue senior securities or borrow except as permitted under the Investment Company Act of 1940, as amended, and as interpreted or modified by regulatory authority having jurisdiction, from time to time.

The revised policy would permit the fund to borrow money and issue senior securities for any purpose to the fullest extent permitted by the 1940 Act and the rules thereunder. This revision, if approved by the fund's shareholders, would provide the fund with the flexibility to take advantage of investment opportunities when the Adviser and the Subadviser believe that the return from the additional investment would exceed the cost of borrowings. To the extent that the income and/or capital appreciation derived from securities purchased with borrowed money exceeds the cost of such leverage, the fund's return will be greater than if leverage had not been used. The use of leverage through borrowings, therefore, creates an opportunity for increased net investment income and/or capital appreciation. The Fund's Adviser and Subadviser have experience managing seven other funds within the John Hancock Complex that utilize leverage by borrowing.

While the use of leverage through borrowings creates potential benefits to the fund's shareholders, it also creates risks. Increases and decreases in the value of the fund's portfolio may be magnified when the fund uses leverage. Thus, the use of leverage may cause greater volatility of net asset value, market price and dividend rate of the fund's shares. The fund will incur interest expense on borrowed money and may be required to pay a commitment, structuring or other fee in connection with borrowings. If the implementation of this strategy does not prove successful, the cost of borrowings may exceed the income and appreciation on the

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PRELIMINARY PROXY STATEMENT

assets purchased with such borrowings. If the returns from the securities purchased are not sufficient to cover these expenses, the amount available for distribution to shareholders will be less than if leverage had not been used. The Adviser may determine nonetheless to maintain the fund's leveraged position if it expects that the long-term benefits to the fund's shareholders of maintaining the leveraged position will outweigh the current reduced return. Borrowings may result in the fund being subject to covenants in credit facility agreements relating to asset coverage and portfolio composition requirements, which may be more stringent than those imposed by the 1940 Act.

If Proposals 2(a) and 2(b) below are approved, the fees paid to the Adviser and Subadviser will be calculated on the basis of the fund's gross assets, including proceeds from the borrowings. The contractual fee rate will remain the same with respect to the first \$500 million of the fund's average daily gross assets and would decrease with respect to any assets in excess of \$500 million, but the aggregate fee will be higher during periods when leverage is utilized, which may create an incentive for the Adviser and the Subadviser to employ leverage. However, the Adviser and the Subadviser intend to leverage the fund only when they believe that the potential return on the additional investments acquired through the use of leverage is likely to exceed the costs incurred in connection with the borrowings. The Board of Trustees will monitor this potential conflict.

The Trustees of BTO have considered the proposal to amend the fund's fundamental investment restriction. In the course of their evaluation, the Trustees considered several factors, including the risks to which the fund may be exposed as a result of leverage, the fact that the fund's distributions to shareholders may increase or decrease, the fact that the fund will bear the expenses of borrowings, and the Adviser's and the Subadviser's potential conflict described above and experience in managing closed-end funds with leverage through borrowings. As a result of their consideration of the above factors and other relevant information, the Trustees of BTO recommend that shareholders approve Proposal 1(a).

Proposal 1(b): Elimination of Fundamental Investment Restriction Relating to Pledging, Mortgaging and Hypothecating Assets.

BTO's current investment restriction related to pledging, mortgaging and hypothecating assets is as follows:

The fund may not pledge, hypothecate, mortgage or otherwise encumber its assets, except to secure borrowings or issue senior securities permitted by the preceding paragraph. Collateral arrangements with respect to margin, option and other risk management and when-issued and forward commitment transactions are not deemed to be pledges or other encumbrances for purposes of this restriction.

Although BTO is permitted to pledge assets in connection with securing borrowings or issuing senior securities, the elimination of this restriction is recommended to ensure flexibility to engage in such borrowing and other transactions, which may require the fund to encumber its assets, in response to changing market conditions and circumstances. Eliminating this restriction is also being recommended to promote uniformity among the John Hancock group of funds. In addition, there is no express requirement under the 1940 Act that BTO have a fundamental policy regarding pledging, hypothecating, mortgaging or otherwise encumbering its assets and, accordingly, the Board recommends that this fundamental investment restriction be eliminated to avoid unnecessary encumbrances.

Required Vote

Each of Proposal 1(a) and Proposal 1(b) will require the affirmative vote of a Majority of the Outstanding Voting Securities of the fund (as described below). If shareholders do not approve Proposal 1(a) or Proposal 1(b), both current investment restrictions will remain in effect, and the Trustees will consider what further action, if any, to take.

The Board, including all the Trustees who are not interested persons (as defined in the 1940 Act) of the fund (the Independent Trustees), recommends that shareholders vote FOR Proposal 1(a) and FOR Proposal 1(b).

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PROPOSALS 2(a) AND 2(b) - AMENDMENT OF ADVISORY AND SUBADVISORY AGREEMENTS**Introduction**

The Trustees recommend that shareholders approve amending the advisory and subadvisory agreements to provide for investment leverage, including borrowing, in the calculation of the advisory and subadvisory fees. In using leverage as described above, the fund would increase its assets with the goal of increasing return to shareholders, potentially yielding a higher return from the investment of those assets than the costs of such borrowing. The current method for calculating advisory fee and the subadvisory fee does not take into account the fund's use of such leverage. If Proposal 2(a) is approved, the contractual advisory fee rate payable by the fund to the Adviser would remain the same with respect to the first \$500 million of the fund's average daily gross assets and, if the fund's gross assets exceed \$500 million, the fee rate with respect to assets in excess of \$500 million, would decrease as described below. If Proposal 2(b) is approved, the contractual subadvisory fee rate payable by the Adviser to the Subadviser will not change.

Current Calculation of Fees Under the Advisory and Subadvisory Agreements

Pursuant to the current advisory agreement, the fund pays the Adviser an advisory fee equal to 1.15% of the fund's average daily net assets. Under the current subadvisory agreement, the Adviser pays the Subadviser a subadvisory fee equal to 0.40% of the fund's average daily net assets. The fund is not responsible for payment of the subadvisory fee.

Proposed Calculation of Advisory and Subadvisory Fees Under the Advisory and Subadvisory Agreements

Proposal 2(a) seeks to amend the calculation of advisory fee from net assets to gross assets and change the advisory fee rate to 1.00% with respect to the fund's average daily gross assets in excess of \$500 million. Proposal 2(b) seeks to amend the calculation of investment subadvisory fee from net assets to gross assets. Gross assets would be defined as total assets of the fund, including any form of investment leverage, minus all accrued expenses incurred in the normal course of operations, but not excluding any liabilities or obligations attributable to investment leverage obtained through (i) indebtedness of any type (including, without limitation, borrowing through a credit facility/commercial paper program or other forms of borrowings or the issuance of debt securities), (ii) the issuance of preferred shares or other similar preference securities, and/or (iii) any other means. Because the fund's gross assets are currently less than \$500 million (even if the fund employs leverage through borrowings equal to 25% of its current gross assets), the proposed change to the advisory agreement would not change the contractual fee rate payable by the fund to the Adviser. Similarly, as noted above, the proposed change to the subadvisory agreement would not change the contractual fee rate payable by the Adviser to the Subadviser.

Although the proposed changes to the advisory and subadvisory agreements would not change the contractual fee rates based on the fund's current assets, the assets upon which such fees are calculated would be increased to include borrowings and the effect of leveraging the fund. If investment leverage is not used, the proposed amendments will not result in any change to the amount of the advisory and subadvisory fees (assuming no change in the fund's asset level). If investment leverage is used, the aggregate amount of advisory fee incurred by the fund and the subadvisory fee incurred by the Adviser would increase, even though the contractual fee rates would remain the same or would be reduced, depending on the fund's asset level. The proposed change may provide the Adviser and Subadviser with an incentive to increase the gross assets by borrowing and, thus, the Adviser and the Subadviser may have differing interests from the fund in determining whether the fund's assets should be leveraged. The Board of Trustees will monitor this potential conflict of interest to ensure that the use of leverage is beneficial to the fund and its shareholders.

Without the proposed change to the advisory and subadvisory fee structure, however, there would be a disincentive for the Adviser and the Subadviser to utilize leverage in managing the fund's assets. For this reason, it is commonplace in the mutual fund industry for investment advisers to be compensated upon the gross assets that they manage. This is also consistent with the fees the Adviser and the Subadviser receive for management of other leveraged funds. Assuming that Proposal 1(a) is approved, the size of the fund that the Adviser and Subadviser would be required to manage if the fund utilizes leverage through borrowings would increase, together with the costs to the Adviser and Subadviser associated with managing a larger fund. As a result of managing a larger fund, the Adviser and Subadviser would face increased management, administration and compliance costs and responsibilities. However, under the current advisory and subadvisory agreements, the fees paid to them would not increase and would no longer be directly aligned with the size of the fund. The Board of Trustees believes it is appropriate to align the size of the fund and Adviser's and Subadviser's costs proportionally with the compensation paid to the Adviser and the Subadviser. The proposed amendments would achieve this by allowing the Adviser and Subadviser to be paid at their current fee rates on all of the fund's assets

that they would manage.

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At the Meeting, shareholders will be asked to approve: (i) the amendment to the current advisory agreement (the *Advisory Agreement Amendment*) to change the base amount used to calculate the Adviser's advisory fee and to change the advisory fee with respect to any gross assets in excess of \$500 million and (ii) the amendment to the current subadvisory agreement (the *Subadvisory Agreement Amendment*) to change the base amount used to calculate the Subadviser's investment subadvisory fee. The *Advisory Agreement* and the *Subadvisory Agreement Amendments* are set forth on Appendix A to this Proxy Statement, marked to show changes from the relevant portions of the current advisory and subadvisory agreements.

Advisory and Subadvisory Fees

The aggregate amount of advisory fees that the fund paid to the Adviser during the fiscal year ended October 31, 2011 was \$3,970,598. If the *Advisory Agreement Amendment* had been in effect and if the fund had employed leverage through borrowings equal to 25% of its total assets, the aggregate amount of the advisory fees for the same period would have been \$5,293,903, representing an increase of approximately 33.3%.

The aggregate amount of subadvisory fees that the Adviser paid to the Subadviser during the fiscal year ended October 31, 2011 was \$1,381,078. If the *Subadvisory Agreement Amendment* had been in effect and if the fund had employed leverage through borrowings equal to 25% of its total assets, the aggregate amount of the investment subadvisory fee for the same period would have been \$1,841,358, representing an increase of approximately 33.3%. As noted above, the Adviser, and not the fund, is responsible for payment of these fees to the Subadviser.

The following table shows the fund's expenses expressed as a percentage of average assets attributable to common shares: (i) based on actual expenses incurred during the fiscal year ended October 31, 2011 under the current advisory agreement and (ii) on a *pro forma* basis as if the *Advisory Agreement Amendment* had been in effect during 2011 and assuming that the fund had employed leverage through borrowings equal to 25% of its total assets during the entire period. If Proposal 2(a) is approved, the fund's actual annual expenses may be substantially higher or lower than the estimated amounts shown below.

For purposes of the table below, the fund's *net assets* means its assets attributable to common shares, less expenses incurred in the normal course of operations, and the fund's *gross assets* means its total assets, including assets attributable to common shares and leverage, less expenses incurred in the normal course of operations.

ANNUAL EXPENSES

	ACTUAL	PRO FORMA BASED ON NET ASSETS ASSUMING BANK DEBT	PRO FORMA BASED ON GROSS ASSETS ASSUMING BANK DEBT
Management Fees	1.15%	1.53%	1.15%
Other Expenses ⁽¹⁾	0.37%	0.46%	0.34%
Interest Payments on Borrowed Funds	None	0.34% ⁽²⁾	0.25% ⁽²⁾
Total Annual Expenses	1.52%	2.33%	1.74%
Contractual Expense Reimbursement ⁽³⁾	-0.15%	-0.20%	-0.15%
Net Fund Operating Expenses	1.37%	2.13%	1.59%

(1) Includes fees payable to the Adviser under the Administration Agreement dated September 11, 2012. These fees are calculated on the basis of the fund's average weekly net assets with respect to the Actual expenses and average weekly gross assets with respect to the Pro Forma expenses. Other Expenses have been estimated for the current fiscal year.

(2) Reflects estimated finance fees that would have been incurred for the use of a third-party credit facility.

(3) The administrator has contractually agreed to waive 0.15% of administration fee on the fund's daily gross assets.

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The following table shows the expenses a shareholder of the fund would pay on an investment of \$1,000, assuming a 5% annual return and redemption at the end of each period, on an actual basis and on a *pro forma* basis as if the Amendment had been in effect during 2011 and assuming that the fund had employed leverage in the form of bank debt, as described above. This hypothetical example assumes that all distributions are reinvested at net asset value. This example should not be considered a representation of future return or expenses. Annual return or expenses may be greater or less than those shown.

For purposes of the table below, the fund's net assets means its assets attributable to common shares, less expenses incurred in the normal course of operations, and the fund's gross assets means its total assets, including assets attributable to common shares and leverage, less expenses incurred in the normal course of operations.

EXAMPLE

PERIOD	ACTUAL	PRO FORMA BASED ON NET ASSETS, ASSUMING BANK DEBT	PRO FORMA BASED ON GROSS ASSETS ASSUMING BANK DEBT
1 year	\$ 14	\$ 22	\$ 16
3 years	\$ 47	\$ 71	\$ 53
5 years	\$ 81	\$ 123	\$ 93
10 years	\$ 180	\$ 265	\$ 204

Terms of the Advisory and Subadvisory Agreements***Advisory Agreement***

The Adviser serves as investment adviser to the fund pursuant to the current advisory agreement dated July 1, 2009. The current advisory agreement was last approved by the fund's shareholders at an annual meeting of shareholders held on May 18, 2009. The purpose of that proposal was to amend primarily the frequency with which the advisory fees are accrued and paid from monthly to daily, in order to provide consistency across the John Hancock Fund Complex. The Trustees most recently approved the continuance of the current advisory agreement on June 5, 2012, when the Trustees, including a majority of the Independent Trustees, approved its continuation for an additional one-year term.

In the current advisory agreement, the Adviser agrees, subject to the supervision of the Trustees, to select and contract with investment subadvisers to manage the investments and determine the composition of the assets of the fund and to monitor each Subadviser's management of the fund's investment operations in accordance with the investment objectives and related investment policies, as set forth in the fund's registration statement. The Adviser may elect to manage the investments and determine the composition of the assets of the fund, subject to the approval of the Trustees of the fund. In the event of such election, the Adviser, subject to the direction and control of the Trustees of the fund, will manage the investments and determine the composition of the assets of the fund in accordance with the fund's registration statement.

The current advisory agreement provides that the Adviser will not be liable for any error of judgment or mistake of law or for any other act or omission suffered by the fund in connection with the performance of the current advisory agreement, except a loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services or a loss resulting from willful misfeasance, bad faith, or gross negligence on the part of the Adviser in the performance of its duties or from reckless disregard of its obligations and duties under the current advisory agreement.

If approved at the Meeting, the Advisory Agreement Amendment will become effective upon such approval. If the Advisory Agreement Amendment is not approved, the current advisory agreement will remain in effect until its annual continuance is considered by the Board in 2013, subject to further continuation or earlier termination in accordance with its terms.

Subadvisory Agreement

The Subadviser serves as investment subadviser to the fund pursuant to the current subadvisory agreement dated December 31, 2005. The current subadvisory agreement was approved by the Board on December 6, 2005 in connection with the restructuring of the Adviser. The Trustees most recently approved the current subadvisory agreement on June 5, 2012, when the Trustees, including a majority of the Independent

Trustees, approved its continuation for an additional one-year term.

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PRELIMINARY PROXY STATEMENT

In the current subadvisory agreement, the Subadviser agrees, subject to the supervision of the Adviser and the Trustees, to provide a continuous investment program and strategy for the fund, including investment research and management with respect to all of its securities, other investments, and cash equivalents and to make decisions with respect to and place orders for all purchases and sales of portfolio securities.

The current subadvisory agreement provides that the Subadviser will not be liable for any error of judgment or mistake of law or for any loss suffered by the fund in connection with the performance of the current subadvisory agreement, except a loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services or a loss resulting from willful misfeasance, bad faith, or gross negligence on the part of the Subadviser in the performance of its duties or from reckless disregard of its obligations and duties under the current subadvisory agreement.

If approved at the Meeting, the Subadvisory Agreement Amendment will become effective upon such approval, but only if the fund's shareholders also approve Proposal 2 with respect to the advisory agreement. If the Subadvisory Agreement Amendment is not approved, the current sub-advisory agreement will remain in effect until its annual continuance is considered by the Board in 2013, subject to further continuation or earlier termination in accordance with its terms.

Information About the Adviser

John Hancock Advisers, LLC, located at 601 Congress Street, Boston, Massachusetts 02210, is the Fund's investment adviser. The Adviser is a subsidiary of John Hancock Life Insurance Company (U.S.A.), located at 38500 Woodward Avenue, Bloomfield Hills, Michigan 48804, which in turn is a subsidiary of Manulife Financial Corporation (Manulife Financial) located at 200 Bloor Street East, Toronto, Ontario Canada M4W 1E5. John Hancock Life Insurance Company (U.S.A.) and its subsidiaries offer a broad range of financial products and services, including whole, term, variable, and universal life insurance, as well as college savings products, mutual funds, fixed and variable annuities, long-term care insurance and various forms of business insurance. Manulife Financial offers clients a diverse range of financial protection products and wealth management services through its extensive network of employees, agents and distribution partners. Funds under management by Manulife Financial and its subsidiaries were \$504 billion at June 30, 2012.

The following table lists each director and the principal executive officer of the Adviser. The business address of each such person is 601 Congress Street, Boston, Massachusetts 02210.

Name	Position with the Adviser	Principal Occupation
Hugh McHaffie	Chairman and Director	Executive Vice President, John Hancock Financial Services
	President	
Andrew G. Arnott	Director	Senior Vice President, John Hancock Financial Services
	Chief Executive Officer	
Leo Zerilli	Director	Vice President, John Hancock Financial Services
	Senior Vice President	

The following table lists the Trustees and officers of the fund who are also directors or officers of the Adviser.

Name	Position with the Fund
Hugh McHaffie	President
Andrew G. Arnott	Executive Vice President
Leo Zerilli	Senior Vice President, Investments

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Robert Fanelli	Vice President, Investments
John Bryson	Vice President, Product Management
John J. Danello	Vice President, Law
Charles A. Rizzo	Chief Financial Officer
Michael J. Leary	Controller
Salvatore Schiavone	Treasurer
Francis V. Knox	Chief Compliance Officer

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PRELIMINARY PROXY STATEMENT

During the fiscal year ended October 31, 2012, the fund did not pay brokerage commissions to any broker-dealer that was affiliated with the Adviser.

Other services performed by the Adviser for the fund

The fund has an administration agreement with the Adviser to perform necessary tax, accounting and legal services for the fund at an annual rate of 0.10% of the average gross assets of the fund. The amount paid by the fund to the Adviser pursuant to this agreement for the fiscal year ended October 31, 2011 was \$345,326.

Management of similar funds

The following table lists other funds currently managed by the Adviser with an investment objective that is similar to that of your fund, and shows the size of the other funds, the fee rate payable to Adviser and indicates whether the Adviser has agreed to waive or reduce a portion of its fee.

Fund	Fund gross assets as of 10/31/12	Fee rate (as a percentage of average daily gross assets)	Fee waiver or reduction in effect
John Hancock Hedged Equity & Income Fund	\$	1.00%	None
John Hancock Financial Industries Fund ⁽¹⁾	\$	0.80%	None
John Hancock Regional Bank Fund ⁽¹⁾	\$	0.80%	None
John Hancock Tax-Advantaged Global Shareholder Yield Fund	\$	1.00%	None

(1) Open-end fund.

Information About the Subadviser

The Subadviser, John Hancock Asset Management a division of Manulife Asset Management (US) LLC, located at 101 Huntington Avenue, Boston, Massachusetts 02199, is a subsidiary of John Hancock Life Insurance Company (U.S.A.), located at 38500 Woodward Avenue, Bloomfield Hills, Michigan 48804. John Hancock Life Insurance Company (U.S.A.) is a subsidiary of Manulife Financial Corporation (Manulife Financial or MFC), which is located at 200 Bloor Street East, Toronto, Ontario Canada M4W 1E5.

The following table lists each director and the principal executive officer of the Subadviser. The address of J-F Courville is 200 Bloor Street East, Toronto, Ontario Canada M4W 1E5 and the address of the other individuals is 101 Huntington Avenue, Boston, Massachusetts 02199.