NORTHERN INSTITUTIONAL FUNDS

PRIME OBLIGATIONS PORTFOLIO

ANNUAL REPORT

NOVEMBER 30, 2016

NORTHERN INSTITUTIONAL FUNDS®

MANAGED BY

NORTHERN TRUST

A MESSAGE FROM

BOB BROWNE

CHIEF INVESTMENT OFFICER

The U.S. fixed income market delivered mixed results during the 12-month reporting period ended November 30, 2016. With a late sell-off, the majority of the gains that were achieved early in the period were erased.

The Bond market moved broadly higher through late-2015 and during the first half of 2016, as a nearly ideal environment of slow growth, low inflation and highly accommodative global central bank policies provided a firm underpinning for the market. The yield on the 10-year U.S. Treasury note fell as low as 1.37% in early July 2016, beneath the previous trough reached in 2012, while yields on a large swath of the overseas government bond market plunged into negative territory.

This favorable backdrop began to change in the late summer and early fall of 2016, when continued strength in the U.S. economy stoked speculation that the U.S. Federal Reserve would be compelled to raise interest rates before year end. The sell-off accelerated following the surprising result of the U.S. election, as investors reacted to a potential policy shift in favor of steep tax cuts, increased infrastructure spending and higher tariffs. These and other proposed changes could lead to both stronger growth and tighter labor markets, which may fuel rising inflation and force the U.S. Federal Reserve to increase interest rates more aggressively.

The resulting shift in expectations for growth and monetary policy led to a dramatic sell-off in U.S. Treasuries in November 2016, causing the 10-year yield to surge to 2.37% on November 30, 2016 versus its close of 1.79% on the Friday before the U.S. election. The anticipation of higher interest rates had a particularly large impact on the short end of the yield curve. After reaching a low of 0.58% on July 7, 2016, the two-year note climbed to 1.11% on the final day of November 2016.

Within the money markets, the October 14, 2016 compliance deadline for the Securities and Exchange Commission's money market reform rules proved to be one of the most important headline events. Institutional prime money market funds were required to adopt a floating net asset value (NAV) by that date, and they could also begin to institute redemption restrictions and liquidity fees. Since money market funds that were invested in only government securities were not required to make these changes, many institutions converted prime money market funds to government-only portfolios. The subsequent shifts in money market funds' positioning led to disruptions in typical pricing relationships in the money markets and contributed to a steepening of the money market yield curve.

Expectations for both economic growth and U.S. Federal Reserve policy were very much in flux as November 2016 drew to a close, and the outlook is likely to change significantly as investors get a clearer picture of the Trump Administration. At the same time, however, inflation remains below the U.S. Federal Reserve's 2% target rate. Additionally, it remains to be seen whether growth will in fact accelerate to levels that the November 2016 bond market performance would indicate. In this uncertain environment, we anticipate a continuation of the volatile conditions that characterized the past 12-month reporting period ended November 30, 2016.

Bob Browne
Chief Investment Officer
Northern Trust

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Ticker Symbols:
Shares: NPAXX
Service: NPCXX

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This report has been prepared for the general information of Northern Institutional Funds Prime Obligations Portfolio shareholders. It is not authorized for distribution to prospective investors unless accompanied or preceded by a current Northern Institutional Funds Prime Obligations Portfolio prospectus, which contains more complete information about Northern Institutional Funds Prime Obligations Portfolio's investment policies, management fees and expenses. Investors are reminded to read the prospectus carefully before investing or sending money.

You could lose money by investing in the Portfolio. The share price of the Portfolio will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The Portfolio may impose a fee upon sale of your shares or may temporarily suspended your ability to sell shares if the Portfolio's liquidity falls below required minimums because of market conditions or other factors. An investment in the Portfolio is not a deposit of the bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC"), any other government agency, or The Northern Trust Company, its affiliates, subsidiaries or any other bank. The Portfolio's sponsor has no legal obligation to provide financial support to the Portfolio, and you should not expect that the sponsor will provide financial support to the Portfolio at any time.

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PRIME OBLIGATIONS PORTFOLIO (UNAUDITED)

PORTFOLIO MANAGEMENT COMMENTARY

Following the U.S. Federal Reserve's last short-term rate increase in December 2015, market participants correctly anticipated the U.S. Federal Reserve's rate hike at the December 2016 meeting. The 12-month period ended November 30, 2016 was an eventful year for the markets. After Donald Trump was elected president and Republicans maintained control of Congress, fixed-income securities sold off and interest rates rose across the yield curve, as the markets expected that higher growth rates would stimulate increases in inflation. In addition, in June 2016, the "Brexit" vote shocked markets as the "Leave camp" pulled out a narrow victory. Due to uncertainty regarding the future of the U.K. and of the European Union, U.S. Treasuries rallied as investors sought a safe haven. In addition, many investors seeking higher yields flocked to U.S. Treasuries in light of the negative yields that many parts of Europe and Japan were offering.

Generally in the industry, prime and municipal money market fund assets shrank dramatically during the 12-month period ended November 30, 2016 in response to the October 14, 2016 deadline for implementing money market fund reform. Outflows surged during the third quarter calendar year and right up to the October 14, 2016 deadline. Across the money market fund industry, prime and municipal money market funds experienced withdrawals of over $1 trillion, with nearly all of the assets transferred into government money market funds. Due to the uncertainty of outflows associated with money market fund reform, the Prime Obligations Portfolio was managed defensively during the 12-month period. The Portfolio also held a sizeable allocation in municipal variable rate demand notes (VRDNs) to take advantage of the high Securities Industry and Financial Markets Association ("SIFMA") interest rates that were available and to act as a source of liquidity for the Portfolio. At times, VRDNs yielded more than traditional instruments that taxable money market funds invest in.

For the year ended November 30, 2016, the Prime Obligations Portfolio posted a 0.46% return (Shares Class) compared with the 0.27% return of its benchmark, iMoneyNet Fund Average™ — First Tier Institutional. As of November 30, 2016, the Portfolio's 7-day current yield was 0.61% (Shares Class). We have maintained a neutral to long duration for the Portfolio relative to its benchmark. The Portfolio converted to a floating net asset value effective October 11, 2016. Liquidity and principal preservation remain our primary objectives.

INVESTMENT PERFORMANCE

AVERAGE ANNUAL RETURNS for periods ended November 30, 2016

TOTAL RETURN	SHARES	SERVICE SHARES	IMONEYNET FUND AVERAGE™ – FIRST TIER INSTL	CURRENT 7-DAY YIELD
ONE YEAR	0.46%	0.46%	0.27%	
FIVE YEAR	0.13	0.13	0.09	0.61%*
TEN YEAR	0.90	0.81	0.89	

* *For Shares Class.*

Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown here.

Northern Trust Investments, Inc. has contractually agreed to reimburse a portion of the operating expenses of the Portfolio to the extent the "Total Annual Portfolio Operating Expenses" exceed 0.15%. The "Total Annual Portfolio Operating Expenses After Expense Reimbursement" may be higher than the contractual limitation as a result of certain Portfolio expenses, including but not limited to servicing fees, that are not reimbursed. This contractual limitation may not be terminated before October 11, 2017 without the approval of the Board of Trustees. In the absence of these reimbursements, yield, total return, growth since inception and dividends would have been reduced. Total return is based on net change in net asset value assuming reinvestment of distributions. The 7-day current yield more closely reflects the current earnings of the Portfolio than the total returns. The Portfolio's investment performance may also include voluntary reimbursements that may change or end at any time. There were no voluntary expense reimbursements for the 7-day current yield as of November 30, 2016.

Net Asset Value ("NAV") is calculated using current market quotations, or an appropriate substitute, to value a portfolio. This NAV is calculated to four decimal places and is currently being used for transacting purchase and sale activity.

MATURITY ANALYSIS

At November 30, 2016, the maturity analysis for the Prime Obligations Portfolio as a percentage of investments was:

MATURITY	%
OVERNIGHT (1 BUSINESS DAY)	39.3%
2 - 15 DAYS	13.1
16 - 30 DAYS	2.9
31 - 60 DAYS	15.5
61 - 97 DAYS	20.5
98 - 180 DAYS	8.7

Information about Investment Considerations and Index Definitions can be found on pages 24 and 25.

Investments in the Portfolio are not deposits of any bank and are not insured or guaranteed by the FDIC or any other government agency.

PORTFOLIO MANAGERS

JENNIFER GRECA
With Northern Trust since 2000

PETER YI
With Northern Trust since 2000

PORTFOLIO FACTS (as of 11/30/16)

TICKER SYMBOL	
SHARES	NPAXX
SERVICE SHARES	NPCXX
PREMIER SHARES*	
INCEPTION DATE	
SHARES	8/21/03
SERVICE SHARES	9/2/03
PREMIER SHARES*	11/18/05
TOTAL NET ASSETS	$1,711,150,506
NET ASSET VALUE	
SHARES	$1.0002
SERVICE SHARES	1.0002
PREMIER SHARES*	–
GROSS EXPENSE RATIO(1)	
SHARES	0.17%
SERVICE SHARES	0.42
PREMIER SHARES*	–
NET EXPENSE RATIO(1)	
SHARES	0.15%
SERVICE SHARES	0.40
PREMIER SHARES*	–

* *Currently, Premier Shares are not being offered to Investors.*

(1) The Gross and Net Expense Ratios represented are based on the expense ratios as reported in the Portfolio's current prospectus, which may differ from the expense ratios presented in the Portfolio's financial highlights.

The table does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or the redemption of Portfolio shares.

STATEMENT OF ASSETS AND LIABILITIES

NOVEMBER 30, 2016

Amounts in thousands, except per share data	PRIME OBLIGATIONS PORTFOLIO
ASSETS:	
Investments, at value	$1,737,242
Repurchase agreements, at value	15,000
Cash	1
Interest income receivable	1,284
Receivable from affiliates for expense reimbursements	118
Prepaid and other assets	16
Total Assets	1,753,661
LIABILITLIES:	
Payable for securities purchased	41,430
Distributions payable to shareholders	762
Payable to affiliates:	
Management fees	162
Custody fees	16
Transfer agent fees	19
Trustee fees	4
Accrued other liabilities	117
Total Liabilities	42,510
Net Assets	$1,711,151
ANALYSIS OF NET ASSETS:	
Capital stock	$1,710,792
Accumulated undistributed net investment income	21
Accumulated undistributed net realized gain	37
Net unrealized appreciation	301
Net Assets	$1,711,151
Net Assets:	
Shares	$1,711,024
Service Shares	127
Total Shares Outstanding (no par value, unlimited shares authorized):	
Shares	1,710,633
Service Shares	127
Net Asset Value, Redemption and Offering Price Per Share:	
Shares	$1.0002
Service Shares	1.0002
Investments, at cost	$1,736,941
Repurchase agreements, at cost	15,000

See Notes to the Financial Statements.

STATEMENT OF OPERATIONS

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016

Amounts in thousands	PRIME OBLIGATIONS PORTFOLIO
INVESTMENT INCOME:	
Interest income	$18,310
Income from affiliates (Note 5)	3
Total Investment Income	18,313
EXPENSES:	
Management fees	4,311
Custody fees	379
Transfer agent fees	497
Registration fees	191
Printing fees	34
Professional fees	107
Trustee fees	44
Other	115
Total Expenses	5,678
Less expenses contractually reimbursed by investment adviser	(627)
Less custodian credits	(12)
Net Expenses	5,039
Net Investment Income	**13,274**
NET REALIZED AND UNREALIZED GAINS:	
Net realized gains on:	
Investments	321
Net change in unrealized appreciation on:	
Investments	301
Net Gains	622
Net Increase in Net Assets Resulting from Operations	**$13,896**

See Notes to the Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEARS ENDED NOVEMBER 30,

Amounts in thousands	PRIME OBLIGATIONS PORTFOLIO 2016	2015
OPERATIONS:		
Net investment income	$13,274	$1,881
Net realized gains	321	103
Net change in unrealized appreciation	301	—
Net Increase in Net Assets Resulting from Operations	13,896	1,984
CAPITAL SHARE TRANSACTIONS:		
Net decrease in net assets resulting from Shares transactions	(1,899,370)	(39,637)
Net increase (decrease) in net assets resulting from Service Shares transactions	(37,331)	888
Net increase (decrease) in net assets resulting from GFS Shares transactions[1]	(361,707)	80,291
Net Increase (Decrease) in Net Assets Resulting from Capital Share Transactions	(2,298,408)	41,542
DISTRIBUTIONS TO SHARES SHAREHOLDERS:		
From net investment income	(12,286)	(1,801)
Total Distributions to Shares Shareholders	(12,286)	(1,801)
DISTRIBUTIONS TO SERVICE SHARES SHAREHOLDERS:		
From net investment income	(153)	(22)
Total Distributions to Service Shares Shareholders	(153)	(22)
DISTRIBUTIONS TO GFS SHARES SHAREHOLDERS:		
From net investment income	(1,192)	(181)
Total Distributions to GFS Shares Shareholders	(1,192)	(181)
Total Increase (Decrease) in Net Assets	**(2,298,143)**	**41,522**
NET ASSETS:		
Beginning of year	4,009,294	3,967,772
End of year	$1,711,151	$4,009,294
Accumulated Undistributed Net Investment Income	**$21**	**$94**

[1] *Effective November 17, 2016, the GFS Shares were terminated and are no longer offered to shareholders.*

See Notes to the Financial Statements.

FINANCIAL HIGHLIGHTS

FOR THE FISCAL YEARS ENDED NOVEMBER 30,

PRIME OBLIGATIONS PORTFOLIO	SHARES				
Selected per share data	2016	2015	2014	2013	2012
Net Asset Value, Beginning of Year	**$1.0000[1]**	**$1.00**	**$1.00**	**$1.00**	**$1.00**
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income	0.0040[2]	—[3]	—[3]	—[3]	—[3]
Net realized and unrealized gains (losses)	0.0006	—[3]	—[3]	—[3]	—[3]
Total from Investment Operations	0.0046	—	—	—	—
LESS DISTRIBUTIONS PAID:					
From net investment income	(0.0044)	—[3]	—[3]	—[3]	—[3]
Total Distributions Paid	(0.0044)	—	—	—	—
Net Asset Value, End of Year	$1.0002	$1.00	$1.00	$1.00	$1.00
Total Return[4]	**0.46%**	**0.06%**	**0.02%**	**0.06%**	**0.08%**
SUPPLEMENTAL DATA AND RATIOS:					
Net assets, in thousands, end of year	$1,711,024	$3,610,101	$3,649,756	$3,436,400	$3,690,819
Ratio of average net assets of:					
Expenses, net of waivers, reimbursements and credits	0.15%	0.15%	0.15%	0.15%	0.15%
Expenses, before waivers, reimbursements and credits	0.17%	0.17%	0.24%	0.27%	0.28%
Net investment income, net of waivers, reimbursements and credits	0.40%	0.06%	0.02%	0.06%	0.07%
Net investment income (loss), before waivers, reimbursements and credits	0.38%	0.04%	(0.07)%	(0.06)%	(0.06)%

	SERVICE				
Selected per share data	2016	2015	2014	2013	2012
Net Asset Value, Beginning of Year	**$1.0000[1]**	**$1.00**	**$1.00**	**$1.00**	**$1.00**
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income	0.0040[2]	—[3]	—[3]	—[3]	—[3]
Net realized and unrealized gains (losses)	0.0006	—[3]	—[3]	—[3]	—[3]
Total from Investment Operations	0.0046	—	—	—	—
LESS DISTRIBUTIONS PAID:					
From net investment income	(0.0044)	—[3]	—[3]	—[3]	—[3]
Total Distributions Paid	(0.0044)	—	—	—	—
Net Asset Value, End of Year	$1.0002	$1.00	$1.00	$1.00	$1.00
Total Return[4]	**0.46%**	**0.06%**	**0.01%**	**0.05%**	**0.07%**
SUPPLEMENTAL DATA AND RATIOS:					
Net assets, in thousands, end of year	$127	$37,480	$36,591	$36,860	$53,383
Ratio to average net assets of:					
Expenses, net of waivers, reimbursements and credits	0.15%	0.15%	0.16%	0.16%	0.15%
Expenses, before waivers, reimbursements and credits	0.17%	0.17%	0.25%	0.28%	0.31%
Net investment income, net of waivers, reimbursements and credits	0.40%	0.06%	0.01%	0.05%	0.07%
Net investment income (loss), before waivers, reimbursements and credits	0.38%	0.04%	(0.08)%	(0.07)%	(0.09)%

(1) *Transacted at two decimals until October 11, 2106 (see Note 8).*

(2) *Net investment income for the year ended was calculated using the average shares outstanding method.*

(3) *Per Share amounts from net investment income, net realized and unrealized gains (losses) and distributions from net investment income were less than $0.01 per share.*

(4) *Assumes investment at net asset value at the beginning of the year, reinvestment of all dividends and distributions, and a complete redemption of the investment at net asset value at the end of the year.*

See Notes to the Financial Statements.

PRIME OBLIGATIONS PORTFOLIO

NOVEMBER 30, 2016

	PRINCIPAL AMOUNT (000S)	VALUE (000S)
ABS COMMERCIAL PAPER – 13.6%		
ABS Other – 13.6%		
Alpine Securitization Ltd.,		
1.03%, 1/23/17	$25,000	$24,974
Barton Capital S.A.,		
0.85%, 12/16/16[1]	25,000	24,995
Bedford Row Funding Corp.,		
0.67%, 1/10/17[1]	10,000	9,993
Bennington Stark Capital Co. LLC,		
0.61%, 12/5/16	22,000	21,999
Collateralized Commercial Paper Co. LLC,		
1.00%, 1/19/17	19,500	19,481
Crown Point Capital Co. LLC,		
1.08%, 2/2/17[1]	25,000	24,966
Kells Funding LLC,		
0.85%, 2/13/17[1]	25,000	24,958
LMA Americas LLC,		
0.91%, 1/4/17[1]	25,000	24,985
Ridgefield Funding Co. LLC,		
1.00%, 2/1/17[1]	25,000	24,967
Starbird Funding Corp.,		
0.70%, 12/1/16[1]	5,750	5,750
Victory Receivables Corp.,		
0.62%, 12/19/16[1]	26,500	26,492
		233,560
Total ABS Commercial Paper		
(Cost $233,503)		**233,560**
CERTIFICATES OF DEPOSIT – 25.3%		
Banking – 25.3%		
Bank of Montreal, Chicago Branch,		
0.90%, 2/16/17	25,000	25,001
1.14%, 4/6/17	25,000	25,013
Bank of Nova Scotia, Toronto Branch,		
1.27%, 1/12/17[2]	30,000	30,020
Citibank N.A., New York Branch,		
0.97%, 3/17/17	25,000	25,006
1.13%, 4/28/17	25,000	25,009
Cooperatieve Rabobank U.A., New York Branch,		
0.95%, 3/6/17	30,000	30,002
Credit Suisse A.G., New York Branch,		
1.10%, 2/27/17	20,000	20,011
Mitsubishi UFJ Trust & Banking Corp.,		
0.88%, 1/20/17	25,000	25,007

	PRINCIPAL AMOUNT (000S)	VALUE (000S)
CERTIFICATES OF DEPOSIT - 25.3% continued		
Banking – 25.3% continued		
Natixis S.A., New York Branch,		
0.95%, 2/24/17	$25,000	$25,001
Norinchukin Bank, New York Branch,		
0.90%, 1/17/17	8,000	8,002
0.90%, 1/26/17	24,000	24,007
Sumitomo Mitsui Banking Corp., New York Branch,		
1.05%, 12/6/16[2]	25,000	25,014
Svenska Handelsbanken AB, New York Branch,		
0.93%, 1/3/17	35,000	35,016
Toronto Dominion Bank, New York Branch,		
0.80%, 2/3/17	9,500	9,502
0.90%, 2/16/17	25,000	25,006
1.15%, 3/10/17	17,000	17,012
1.15%, 4/18/17	25,000	25,016
Wells Fargo Bank West N.A.,		
0.96%, 12/1/16	25,000	25,000
Westpac Banking Corp, New York Branch,		
1.21%, 12/1/16[2]	10,000	10,014
		433,659
Total Certificates Of Deposit		
(Cost $433,507)		**433,659**
COMMERCIAL PAPER – 14.7%		
Banking – 8.1%		
BNP Paribas S.A., New York Branch,		
0.95%, 3/3/17	25,000	24,943
Commonwealth Bank of Australia, New York Branch,		
1.31%, 2/23/17[1] [3]	24,000	24,033
DBS Bank Ltd.,		
0.88%, 2/3/17[1]	25,000	24,973
ING US Funding LLC,		
0.94%, 3/3/17	25,000	24,951
United Overseas Bank Ltd.,		
1.01%, 3/17/17[1]	25,000	24,926
Westpac Banking Corp.,		
1.23%, 3/10/17[1]	15,000	14,963
		138,789
Foreign Agencies – 5.0%		
Bank Nederlandse Gemeenten,		
0.85%, 2/13/17	15,000	14,974

See Notes to the Financial Statements.

PRIME OBLIGATIONS PORTFOLIO continued

	PRINCIPAL AMOUNT (000S)	VALUE (000S)
COMMERCIAL PAPER - 14.7% continued		
Foreign Agencies – 5.0% continued		
Caisse Des Depots Et Consignations,		
0.85%, 1/26/17	$25,000	$24,969
KFW,		
0.83%, 1/17/17[1]	25,000	24,985
0.87%, 2/27/17[1]	20,000	19,958
		84,886
Foreign Local Government – 1.6%		
NRW.BANK,		
0.85%, 1/27/17[1]	27,500	**27,469**
Total Commercial Paper		
(Cost $251,052)		**251,144**
CORPORATE NOTES/BONDS – 1.5%		
Banking – 1.5%		
Royal Bank of Canada,		
1.14%, 2/3/17[3]	25,600	**25,612**
Total Corporate Notes/Bonds		
(Cost $25,612)		**25,612**
EURODOLLAR TIME DEPOSITS – 13.4%		
Banking – 13.4%		
Australia and New Zealand Banking Group,		
0.32%, 12/1/16	68,617	68,617
Credit Agricole S.A., London Branch,		
0.32%, 12/1/16	40,000	40,000
Nordea Bank Finland PLC, New York,		
0.32%, 12/1/16	75,000	75,000
Svenska Handelsbanken AB, Cayman Islands,		
0.32%, 12/1/16	45,000	45,000
		228,617
Total Eurodollar Time Deposits		
(Cost $228,617)		**228,617**
MUNICIPAL INVESTMENTS – 33.0%		
California – 0.8%		
California State Health Facilities Financing Authority Revenue Bonds, Series I, Dignity Health,		
(Mizuho Bank Ltd. LOC),		
0.62%, 12/8/16[4]	13,700	**13,700**

	PRINCIPAL AMOUNT (000S)	VALUE (000S)
MUNICIPAL INVESTMENTS - 33.0% continued		
Colorado – 0.3%		
Colorado State Housing & Finance Authority SFM Revenue Bonds, Series 1-A3,		
0.56%, 12/8/16[4]	$5,995	**$5,995**
Florida – 2.7%		
JEA Water & Sewer System Revenue Bonds, Series A-2,		
(Sumitomo Mitsui Banking Corp. LOC),		
0.56%, 12/8/16[4]	40,520	40,520
Sunshine State Governmental Financing Commission Revenue Bonds, Series A, Miami Dade County Program,		
(Bank of New York Mellon LOC),		
0.60%, 12/8/16[4]	5,000	5,000
		45,520
Georgia – 2.6%		
Cobb County Kennestone Hospital Authority Revenue Bonds, Series A,		
(Bank of America N.A. LOC),		
0.57%, 12/8/16[4]	44,400	**44,400**
Illinois – 0.3%		
Illinois State Finance Authority Revenue Bonds, Subseries C-1, Advocate Health,		
0.57%, 12/8/16[4]	5,500	**5,500**
Indiana – 1.3%		
Indiana State Finance Authority Environmental Revenue Refunding Bonds, Series A-4, Duker Energy Indiana Project,		
(Sumitomo Mitsui Banking Corp. LOC),		
0.55%, 12/1/16[4]	15,725	15,725
Lawrenceburg City PCR Refunding Bonds, Series H, Indiana Michigan Power Co. Project,		
(Bank of Nova Scotia LOC),		
0.57%, 12/8/16[4]	6,000	6,000
		21,725
Kansas – 2.2%		
Burlington City Environment Improvement Revenue Refunding Bonds, Kansas City Power & Light,		
(Mizuho Bank Ltd. LOC),		
0.62%, 12/8/16[4]	37,550	**37,550**

See Notes to the Financial Statements.

MUNICIPAL INVESTMENTS - 33.0% continued	PRINCIPAL AMOUNT (000S)	VALUE (000S)
Kentucky – 0.4%		
Kentucky State Housing Corp. Housing Taxable Revenue Bonds, Series O, 0.67%, 12/8/16[4]	$6,005	**$6,005**
Michigan – 0.6%		
University of Michigan General Revenue Bonds, Series A, 0.50%, 12/1/16[4]	11,000	**11,000**
Mississippi – 1.5%		
Mississippi State Business Finance Corp. Commission Gulf Opportunity Zone Revenue Bonds, Series C, Chevron USA, Inc., 0.52%, 12/1/16[4]	20,400	20,400
Mississippi State Business Finance Corp. Commission Gulf Opportunity Zone Revenue Bonds, Series D, Chevron USA, Inc., 0.54%, 12/1/16[4]	5,000	5,000
Mississippi State Business Finance Corp. Commission Gulf Opportunity Zone Revenue Bonds, Series H, Chevron USA, Inc., (Chevron Corp. Gtd.), 0.55%, 12/1/16[4]	860	860
		26,260
New York – 11.2%		
New York City G.O. Unlimited Bonds, Fiscal 2015 Subseries F-4, (Bank of Tokyo-Mitsubishi UFJ Ltd. LOC), 0.58%, 12/8/16[4]	25,900	25,900
New York City G.O. Unlimited Bonds, Subseries D-4, (TD Bank N.A. LOC), 0.54%, 12/1/16[4]	17,220	17,220
New York City Transitional Finance Authority Future Tax Secured Revenue Bonds, Subseries B-3, 0.57%, 12/8/16[4]	24,900	24,900
New York City Transitional Finance Authority Future Tax Secured Revenue Bonds, Subseries D-3, 0.58%, 12/1/16[4]	49,500	49,500
New York City Water & Sewer System Revenue Bonds, Series F-1, 0.60%, 12/1/16[4]	33,250	33,250

MUNICIPAL INVESTMENTS - 33.0% continued	PRINCIPAL AMOUNT (000S)	VALUE (000S)
New York – 11.2% continued		
Triborough Bridge & Tunnel Authority Taxable Revenue Refunding Bonds, Subseries 2A, (Bank of America N.A. LOC), 0.65%, 12/8/16[4]	$16,000	$16,000
Triborough Bridge & Tunnel Authority Taxable Revenue Refunding Bonds, Subseries 2B, (Bank of America N.A. LOC), 0.65%, 12/8/16[4]	24,800	24,800
		191,570
North Carolina – 2.2%		
Charlotte-Mecklenburg Hospital Authority Health Care System Revenue Refunding Bonds, Series D, Carolinas Healthcare, (U.S. Bank N.A. LOC), 0.53%, 12/1/16[4]	3,000	3,000
North Carolina State Medical Care Commission Health Care Facilities Revenue Bonds, Series A-1, Cape Fear Valley Health System, (Branch Banking & Trust Co. LOC), 0.55%, 12/8/16[4]	35,000	35,000
		38,000
Texas – 5.2%		
Houston Utility System Revenue Refunding Bonds, Series B-4, First Lien, 0.58%, 12/8/16[4]	23,375	23,375
Lower Neches Valley Authority Industrial Development Corp. Revenue Refunding Bonds, Series A, ExxonMobil Project, 0.50%, 12/1/16[4]	16,865	16,865
Lower Neches Valley Authority Industrial Development Corp. Revenue Refunding Bonds, Series B, ExxonMobil Project, 0.52%, 12/1/16[4]	48,055	48,055
		88,295

See Notes to the Financial Statements.

PRIME OBLIGATIONS PORTFOLIO continued

NOVEMBER 30, 2016

	PRINCIPAL AMOUNT (000S)	VALUE (000S)
MUNICIPAL INVESTMENTS - 33.0% continued		
West Virginia – 1.7%		
West Virginia State Hospital Financing Authority & Improvement Revenue Refunding Bonds, Series A, Cabell Hospital, (Branch Banking & Trust Co. LOC), 0.55%, 12/8/16[4]	$29,130	**$29,130**
Total Municipal Investments (Cost $564,650)		**564,650**
Investments, at Value (Cost $1,736,941)		**1,737,242**
REPURCHASE AGREEMENTS – 0.9%		
Repurchase Agreements – 0.9% [5]		
JPMorgan Securities LLC, dated 11/30/16, repurchase price $15,010 0.81%, 3/5/17	15,000	**15,000**
Total Repurchase Agreements (Cost $15,000)		**15,000**
Total Investments – 102.4% (Cost $1,751,941)[6]		**1,752,242**
Liabilities less Other Assets – (2.4%)		(41,091)
NET ASSETS – 100.0%		**$1,711,151**

(1) *Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. The value of these securities is determined based on valuations supplied by a pricing service or brokers, or, if not available, in accordance with procedures established by the Board of Trustees of Northern Institutional Funds.*

(2) *Variable rate security. Rate as of November 30, 2016 is disclosed. Maturity date represents the next interest reset date. The security's legal final maturity date is longer than the reset date. Securities with longer maturity dates have a greater sensitivity to changes in liquidity and/or credit risk.*

(3) *Variable rate security. Rate as of November 30, 2016 is disclosed.*

(4) *Variable rate security. Rate as of November 30, 2016 is disclosed. Maturity date represents the date when principal payments may be due, taking into account any call options exercised and any permissible maturity shortening features.*

(5) *The nature and terms of the collateral received for the repurchase agreements are as follows:*

NAME	FAIR VALUE (000S)	COUPON RATES	MATURITY DATES
Corporate Bonds	$16,054	1.50% — 3.75%	3/7/17 — 5/27/25

(6) *At November 30, 2016, the components of investments for federal income tax purposes were as follows: (Amounts in thousands)*

Federal tax cost of investments	$ 1,751,941
Gross tax appreciation of investments	$ 302
Gross tax depreciation of investments	(1)
Net tax appreciation of investments	$ 301

Percentages shown are based on Net Assets.

Various inputs are used in determining the value of the Portfolio's investments. These inputs are summarized in three levels listed below:

Level 1 - Unadjusted quoted market prices in active markets for identical securities on the measurement date.
Level 2 - Other observable inputs (e.g., quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmark interest rates and yield curves, maturities, ratings and/or securities indices).
Level 3 - Significant unobservable inputs (e.g., information about assumptions, including risk, market participants would use in pricing a security).

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities and other financial instruments, if any. The following table summarizes the valuations of the Portfolio's investments by the above fair value hierarchy as of November 30, 2016:

INVESTMENTS	LEVEL 1 (000S)	LEVEL 2 (000S)	LEVEL 3 (000S)	TOTAL (000S)
ABS Commercial Paper[1]	$—	$ 233,560	$—	$ 233,560
Certificates of Deposit[1]	—	433,659	—	433,659
Commercial Paper[1]	—	251,144	—	251,144
Corporate Notes/Bonds[1]	—	25,612	—	25,612
Eurodollar Time Deposits[1]	—	228,617	—	228,617
Municipal Investments[1]	—	564,650	—	564,650
Repurchase Agreements[1]	—	15,000	—	15,000
Total Investments	$—	$1,752,242	$—	$1,752,242

(1) *Classifications as defined in the Schedule of Investments.*

The Portfolio discloses all transfers between levels based on valuations at the end of each reporting period. At November 30, 2016, there were no transfers between Level 1, Level 2 or Level 3 classifications based on levels assigned to the securities on November 30, 2015.

EXPLANATION OF ABBREVIATIONS AND ACRONYMS USED THROUGHOUT THE SCHEDULE OF INVESTMENTS:

ABS - Asset-Backed Securities

G.O. - General Obligation

Gtd. - Guaranteed

LOC - Letter of Credit

PCR - Pollution Control Revenue

SFM - Single Family Mortgage

See Notes to the Financial Statements.

1. ORGANIZATION

Northern Institutional Funds (the "Trust") is a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Trust includes 7 portfolios as of November 30, 2016, each with its own investment objective (e.g., income consistent with preservation of capital).

Northern Trust Investments, Inc. ("NTI"), a subsidiary of The Northern Trust Company ("Northern Trust"), serves as the investment adviser and administrator for the Prime Obligations Portfolio (the "Portfolio"). See Note 8 for a discussion of how the Portfolio operates following recent amendments to Securities and Exchange Commission (″SEC″) rules governing money market portfolios. Northern Trust serves as the sub-administrator, custodian and transfer agent for the Trust. Northern Funds Distributors, LLC is the Trust's distributor.

The Portfolio is currently authorized to offer four classes of shares: Shares, Service Shares, Premier Shares and Williams Capital Shares. Effective November 17, 2016, the Board of Trustees of the Trust (the ″Board″) approved the termination of the GFS Shares and they are no longer offered to shareholders. Each class is distinguished by the level of administrative and liaison services provided. At November 30, 2016, Shares and Service Shares were outstanding. Premier Shares and Williams Capital Shares are not currently offered to shareholders.

2. SIGNIFICANT ACCOUNTING POLICIES

The Trust, which is an investment company within the scope of Financial Accounting Standards Board ("FASB") Accounting Standards Update 2013-08, follows accounting and reporting guidance under FASB Accounting Standards Codification Topic 946, *Financial Services-Investment Companies*.

The following is a summary of significant accounting policies consistently followed by the Portfolio in the preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

A) VALUATION OF SECURITIES The Portfolio operates as an "institutional money market fund" under Rule 2a-7 of the 1940 Act and transacts in its shares at a floating net asset value (″NAV″), rounded to the fourth decimal place (*e.g.*, $1.0000). The Portfolio's investments for which market quotations are readily available will be valued at fair value on the basis of quotations furnished by a pricing service or provided by securities dealers. If market quotations are not readily available, or if it is believed that such quotations do not accurately reflect fair value, the fair value of the Portfolio's investments may be otherwise determined in good faith by NTI under procedures established by the Board. Short-term obligations, which are debt instruments with a maturity of 60 days or less, held by the Portfolio, are valued at their amortized cost, which, according to NTI, approximates fair value.

Any securities for which market quotations are not readily available or are believed to be incorrect are fair valued in accordance with policies and procedures established by, and subject to oversight of, the Board.

NTI has established a pricing and valuation committee (the "Asset Management PVC") whose membership includes representatives of NTI. The Asset Management PVC is responsible for the fair valuation of portfolio securities and the monitoring of the fair valuation process, subject to the Board's oversight.

The Asset Management PVC is responsible for making the determination of the fair value of a security. In making its determination, the Asset Management PVC considers factors that it deems appropriate to the determination of the fair value of the security. Such factors include, but are not limited to: the type of security; the current financial position of the issuer; the cost of the investment; information as to any transaction or offers with respect to a security; market value of a similar freely-traded security; and news events. NTI will continue to monitor markets and the issuer's circumstances that affect a security's valuation to determine the continued appropriateness of a security's fair valuation. The Asset Management PVC will review if the markets and issuer's circumstances relevant to the valuation of a fair valued security change materially.

For each Level 3 security, if any, that has been fair valued pursuant to the policies adopted by the Board, the fair value price is compared against the last available and next available market quotations. The results of such back testing of fair valued securities are reported quarterly to the Valuation Committee of the Board.

B) REPURCHASE AGREEMENTS The Portfolio may enter into repurchase agreements under the terms of a master repurchase agreement by which it purchases securities for cash from a seller and agrees to resell those securities to the same seller at a specific price within a specified time or with an indefinite life and a liquidity feature which allows the Portfolio to resell the security quarterly. The interest rate on such repurchase agreements resets daily. During the term of a repurchase agreement, the fair value of the underlying collateral, including accrued interest, is required to equal or exceed the fair value of the repurchase agreement. The underlying collateral for tri-party repurchase agreements is held in accounts for Northern Trust (and is not reflected in the assets of the Portfolio) as agent of the Portfolio, at the Bank of New York or JPMorgan Chase which, in turn, holds securities through the book-entry system at the Federal Reserve Bank of New York. The

underlying collateral for other repurchase agreements is held in a customer-only account for Northern Trust, as custodian for the Portfolio, at the Federal Reserve Bank of Chicago. The Portfolio is subject to credit risk on repurchase agreements to the extent that the counterparty fails to perform under the agreement and the value of the collateral received falls below the agreed repurchase price. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of collateral by the Portfolio may be delayed or limited. The Portfolio has entered into such repurchase agreements at November 30, 2016, as reflected in its accompanying Schedule of Investments.

The Portfolio may enter into transactions subject to enforceable netting arrangements ("netting arrangements") under a repurchase agreement. Generally, netting arrangements allow the Portfolio to offset any exposure to a specific counterparty with any collateral received from or delivered to that counterparty. In addition, a repurchase agreement provides the right for the non-defaulting party to liquidate the collateral and calculate the net exposure to the defaulting party or request additional collateral. Generally, the Portfolio manages its cash collateral and securities collateral on a counterparty basis. As of November 30, 2016, the Portfolio was not invested in any portfolio securities other than the repurchase agreements described below, with gross exposures on the Statement of Assets and Liabilities, that could be netted subject to netting arrangements.

The following table presents the repurchase agreements, which are subject to netting arrangements, as well as the collateral delivered related to those repurchase agreements.

Amounts in thousands		GROSS AMOUNTS NOT OFFSET IN THE STATEMENT OF ASSETS AND LIABILITIES		
	COUNTERPARTY	GROSS AMOUNTS OF ASSETS PRESENTED IN STATEMENT OF ASSETS AND LIABILITIES	FINANCIAL INSTRUMENTS	NET AMOUNT*
Prime Obligations	JPMorgan	$15,000	$(15,000)	$ –

* *Collateral received is reflected up to the fair value of the repurchase agreement. Refer to the Schedule of Investments.*

C) INVESTMENT TRANSACTIONS AND INCOME Investment transactions are recorded as of the trade date. The Portfolio determines the gain or loss realized from investment transactions by using an identified cost basis method. Interest income is recognized on an accrual basis and includes amortization of premiums and accretion of discounts.

D) EXPENSES The Portfolio is charged for those expenses that are directly attributable to the Portfolio. Certain expenses arising in connection with a class of shares are charged to that class of shares. Expenses incurred which do not specifically relate to the Portfolio are allocated among all the portfolios in the Trust in proportion to each portfolio's relative net assets.

E) LIQUIDITY FEES AND REDEMPTION GATES Effective October 14, 2016, the Portfolio may impose a liquidity fee of up to 2 percent on redemptions from the Portfolio or temporarily restrict redemptions from the Portfolio for up to 10 business days in any given 90-day period (a "redemption gate") in the event that the Portfolio's weekly liquid assets fall below the following thresholds:

30 percent weekly liquid assets – If the Portfolio's weekly liquid assets (cash, direct obligations of the U.S. government, certain U.S. government agency discount notes without provision for the payment of interest with remaining maturities of 60 days or less, securities that will mature or are subject to a demand feature that is exercisable and payable within five business days, and amounts receivable and due unconditionally within five business days on pending sales of portfolio securities) fall below 30 percent of the Portfolio's total assets as of the end of a business day, and the Board determines it is in the best interests of the Portfolio, the Board may impose a liquidity fee of no more than 2 percent of the amount redeemed and/or a redemption gate that temporarily suspends the right of redemption. Liquidity fees and/or redemption gates may be implemented as early as the same business day that the weekly liquid assets of the Portfolio fall below 30 percent of the total assets.

10 percent weekly liquid assets – If the Portfolio's weekly liquid assets fall below 10 percent of the Portfolio's total assets as of the end of a business day, the Portfolio will impose, at the beginning of the next business day, a liquidity fee of 1 percent of the amount redeemed, unless the Board determines that imposing such a fee would not be in the best interests of the Portfolio or determines that a lower or higher fee (not to exceed 2 percent) would be in the best interests of the Portfolio.

If the Portfolio imposes a redemption gate, the Portfolio and the Portfolio's authorized intermediaries will not accept redemption orders until the Portfolio has notified shareholders that the redemption gate has been lifted.

Liquidity fees and redemption gates may be terminated at any time at the discretion of the Board. In addition, liquidity fees and redemption gates will terminate at the beginning of the next business day once the Portfolio has invested 30 percent or more of its total assets in weekly liquid assets.

Liquidity fees would generally be used to assist the Portfolio to stem redemptions during times of market stress.

A liquidity fee imposed by the Portfolio will reduce the amount you will receive upon the redemption of your shares, and will generally decrease the amount of any capital gain or increase the amount of any capital loss you will recognize with respect to the redemption.

If the Portfolio's weekly liquid assets fall below 10 percent of the Portfolio's total assets, the Portfolio reserves the right to permanently suspend redemptions and liquidate if the Board of Trustees determines that it is not in the best interests of the Portfolio to continue operating.

F) DISTRIBUTIONS TO SHAREHOLDERS Distribution of dividends from net investment income are declared daily and paid monthly. Distributions of net realized capital gains, if any, are declared and paid at least annually. Distributions to shareholders are recorded on the ex-dividend date.

The timing and character of distributions determined in accordance with federal income tax regulations may differ from financial statement amounts determined in accordance with U.S. GAAP due to differences in the treatment and recognition of investment income and realized gains and losses. These differences are primarily related to the capital loss carryforwards. Inherent differences in the recognition of income and capital gains for federal income tax purposes, which are permanent, may result in periodic reclassifications in the Portfolio's capital accounts. These reclassifications may relate to net operating losses, non-deductable taxes paid and distribution reclassifications. These reclassifications have no impact on the net assets or the NAV per share of the Portfolio.

At November 30, 2016, the following reclassifications were recorded.

Amounts in thousands	UNDISTRIBUTED NET INVESTMENT INCOME (LOSS)	ACCUMULATED UNDISTRIBUTED NET REALIZED GAINS (LOSSES)
Prime Obligations	$284	$(284)

G) FEDERAL INCOME TAXES No provision for federal income taxes has been made since the Portfolio's policy is to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute, each year, substantially all of its taxable income and tax-exempt income to its shareholders.

The Regulated Investment Company Modernization Act of 2010 (the "Act") allows capital losses to be carried forward for an unlimited period and to retain their character as either short-term or long-term. The Portfolio's ability to utilize capital loss carryforwards in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

There were no unused capital loss carryforwards in the Portfolio as of November 30, 2016.

At November 30, 2016, the tax components of undistributed net investment income and realized gains, including amounts declared but not yet paid for federal income tax purposes, were as follows:

	UNDISTRIBUTED	
Amounts in thousands	ORDINARY INCOME (LOSS)*	LONG-TERM CAPITAL GAINS (LOSSES)
Prime Obligations	$786	$37

* *Ordinary income includes taxable market discount income and short-term capital gains, if any.*

The tax character of distributions paid during the fiscal years ended November 30, 2016 and 2015 was as follows:

	DISTRIBUTED FROM ORDINARY INCOME (LOSS)*	
Amounts in thousands	2016	2015
Prime Obligations	$13,195	$1,726

* *Ordinary income includes taxable market discount income and short-term capital gains, if any.*

As of November 30, 2016, the Portfolio had no uncertain tax positions that would require financial statement recognition or disclosure. The Portfolio's federal tax returns for the fiscal years ended November 30, 2013 through November 30, 2016 remain subject to examination by the Internal Revenue Service. Any interest or penalties incurred, if any, on future unknown, uncertain tax positions taken by the Portfolio will be recorded as interest expense and other expenses, respectively, on the Statement of Operations.

3. BANK BORROWINGS

The Trust and the Northern Funds jointly entered into a $250,000,000 senior unsecured revolving credit facility on November 23, 2015, which was administered by Citibank, N.A., for liquidity and other purposes (the "Credit Facility"). The interest rate charged under the Credit Facility was equal to the sum of (i) the Federal Funds Rate plus (ii) if the one month London Interbank Offered Rate ("LIBOR") on the date of borrowing exceeded such Federal Funds Rate, the amount by which it so exceeded, plus (iii) 1.00 percent. In addition, there was an annual commitment fee of 0.10 percent on the unused portion of the credit line under the Credit Facility, payable quarterly in arrears, which is included in Other expenses on the Statement of Operations. The Credit Facility expired on November 21, 2016.

At a meeting held on November 16-17, 2016, the Board approved an agreement to replace the Credit Facility (as replaced, the "New Credit Facility"). The New Credit Facility is in the amount of

$250,000,000 and is also administered by Citibank, N.A. The interest rate charged under the New Credit Facility is the same as it was for the Credit Facility. In addition, there is an annual commitment fee of 0.15 percent on the unused portion of the credit line under the New Credit Facility, payable quarterly in arrears. The New Credit Facility went into effect on November 21, 2016 and will expire on November 20, 2017, unless renewed.

The Portfolio did not have any borrowings or incur any interest expense for the fiscal year ended November 30, 2016.

4. MANAGEMENT AND OTHER AGREEMENTS

As compensation for advisory and administration services and the assumption of related expenses, NTI is entitled to a management fee, computed daily and payable monthly, at the annual rate of 0.13 percent of the Portfolio's average daily net assets.

NTI has contractually agreed to reimburse a portion of the operating expenses of the Portfolio (other than certain excepted expenses, i.e., acquired fund fees and expenses, the compensation paid to each independent Trustee of the Trust, expenses of third-party consultants engaged by the Board, membership dues paid to the Investment Company Institute and Mutual Fund Directors Forum, expenses in connection with the negotiation and renewal of the revolving credit facility, extraordinary expenses and interest) as shown on the accompanying Statement of Operations, to adhere to the expense limitation of 0.15 percent of the Portfolio's average daily net assets. The contractual expense reimbursement described above is expected to continue until at least October 11, 2017. The contractual expense reimbursement will continue automatically for periods of one-year (each such one-year period, a "Renewal Year"). The arrangement may be terminated, as to any succeeding Renewal Year, by NTI or the Portfolio upon 60 days' written notice prior to the end of the current Renewal Year. The Board may terminate the contractual arrangement at any time with respect to the Portfolio if it determines that it is in the best interest of the Portfolio and its shareholders.

The expenses reimbursed during the fiscal year ended November 30, 2016, under the contractual expense reimbursement arrangement previously described are shown as "Less expenses contractually reimbursed by investment adviser" in the Statement of Operations. The contractual expense reimbursement receivable at November 30, 2016 is shown as "Receivable from affiliates for expense reimbursements" in the Statement of Assets and Liabilities. Any such reimbursement is paid monthly to the Portfolio by NTI.

NTI may reimburse additional expenses or waive all or a portion of the management fees of the Portfolio from time to time, including to avoid a negative yield. Any such additional expense reimbursement or waiver would be voluntary and could be implemented, increased or decreased or discontinued at any time. There is no guarantee the Portfolio will be able to avoid a negative yield. Any such reimbursement is paid monthly to the Portfolio by NTI. During the fiscal year ended November 30, 2016, NTI did not voluntarily reimburse any expenses of the Portfolio.

NTI has entered into a sub-administration agreement with Northern Trust, pursuant to which Northern Trust performs certain administrative services for the Portfolio. NTI pays Northern Trust for its sub-administration services out of NTI's management fees.

As compensation for services rendered as transfer agent, including the assumption by Northern Trust of the expenses related thereto, Northern Trust receives a fee, accrued daily and payable monthly, at an annual rate of 0.015 percent of the average daily net assets of the Portfolio.

As compensation for custody services, Northern Trust receives an amount based on a pre-determined schedule of charges approved by the Board. The Portfolio has entered into an expense offset arrangement with the custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Portfolio's custodian expenses. Custodian credits, if any, are shown as "Less custodian credits" in the Statement of Operations.

Northern Funds Distributors, LLC, the distributor for the Portfolio, received no compensation from the Portfolio under its distribution agreement. However, it received compensation from NTI for its services as distributor pursuant to a separate letter agreement between it and NTI.

Certain officers of the Trust are also officers of Northern Trust and NTI. All officers serve without compensation from the Portfolio. The Trust provided a deferred compensation plan for its Trustees who are not officers of Northern Trust or NTI. Prior to August 22, 2013, under the deferred compensation plan, Trustees may have elected to defer all or a portion of their compensation. Effective August 22, 2013, the Trustees may no longer defer their compensation. Any amounts deferred and invested under the plan shall remain invested pursuant to the terms of the plan. Each Trustee's account shall be deemed to be invested in shares of the Government Assets Portfolio of the Trust and/or the Global Tactical Asset Allocation Fund of Northern Funds and/or at the discretion of the Trust, another money market fund selected by the Trust that complies with the provisions of Rule 2a-7 under the 1940 Act or one or more short-term fixed-income instruments selected by the Trust that are "eligible securities" as defined by that rule. The net investment income, gains and losses achieved by such deemed investment shall be credited to the Trustee's account as provided in the plan.

5. RELATED PARTY TRANSACTIONS

The Portfolio is permitted to purchase and sell securities from or to certain affiliated funds or portfolios under specified conditions outlined in Rule 17a-7 Procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale

of securities by the Portfolio from or to another fund or portfolio that is or could be considered an affiliate by virtue of having a common investment adviser (or affiliated investment advisers), common trustees and/or common officers complies with Rule 17a-7 of the 1940 Act. Further, as defined under these procedures, each transaction is effected at the current market price as defined in the Rule 17a-7 Procedures. For the fiscal year ended November 30, 2016, the Portfolio engaged in purchases and/or sales of securities from an affiliated entity:

Amounts in thousands	PURCHASES	SALES*
Prime Obligations	$1,372,220	$(506,825)

* *During the fiscal year ended November 30, 2016, the realized gain (loss) associated with these transactions is zero.*

Northern Trust will return to the Portfolio the full amount of the return that Northern Trust receives on a Portfolio's uninvested cash resulting from custody sweep, the return is based on the application of the Federal Reserve's Interest Rate on Excess Reserves.

6. CAPITAL SHARE TRANSACTIONS

Transactions in capital shares for the fiscal year ended November 30, 2016, were as follows:

*Amounts in thousands**	PROCEEDS FROM SHARES SOLD	REINVESTMENT OF DIVIDENDS	PAYMENTS FOR SHARES REDEEMED	NET INCREASE (DECREASE) IN NET ASSETS
Shares	$17,015,978	$1,024	$(18,916,372)	$(1,899,370)
Service Shares	187,961	8	(225,300)	(37,331)
GFS Shares	3,530,162	–	(3,891,869)	(361,707)

** The share amounts of transactions from shares sold, reinvested and redeemed were approximately 17,015,758,000, 1,020,000 and (18,916,182,000) for Shares and 187,960,000, 8,000 and (225,297,000) for Service Shares, respectively. The number of shares sold, reinvested and redeemed approximates the dollar amount of transactions for GFS Shares.*

Transactions in capital shares for the fiscal year ended November 30, 2015, were as follows:

*Amounts in thousands**	PROCEEDS FROM SHARES SOLD	REINVESTMENT OF DIVIDENDS	PAYMENTS FOR SHARES REDEEMED	NET INCREASE (DECREASE) IN NET ASSETS
Shares	$15,679,291	$90	$(15,719,018)	$(39,637)
Service Shares	149,620	2	(148,734)	888
GFS Shares	2,975,696	–	(2,895,405)	80,291

* *The number of shares sold, reinvested and redeemed approximates the dollar amount of transactions.*

7. INDEMNIFICATIONS AND WARRANTIES

In the ordinary course of its business, the Portfolio may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Portfolio. The maximum exposure to the Portfolio under these provisions is unknown, as this would involve future claims that have not yet occurred. However, the Portfolio has not had prior claims or losses pursuant to these contracts and believes the risk of loss to be remote.

8. MONEY MARKET REFORM

On July 23, 2014, the SEC voted to amend the rules under the 1940 Act which governed the operations of the Portfolio. The new rules represent a substantial change for the industry, and they vary based on the type of fund and investor. The amendments had staggered compliance dates, with a majority of these amendments having an October 14, 2016 final compliance date. The rules provide a distinction between retail and institutional money market funds. To be considered a retail fund, the fund must maintain policies and procedures reasonably designed to limit all beneficial owners of the fund to "natural persons." The new requirements include:

- Government funds are required to invest at least 99.5 percent of their total assets (previously 80 percent) in cash, U.S. government securities issued or guaranteed by the U.S. government or its agencies and instrumentalities and/or repurchase agreements "collateralized fully" by cash or U.S. government securities.

- Floating NAV – Only institutional prime and institutional municipal/tax-exempt funds are required to sell and redeem shares at a floating NAV. Funds subject to this requirement round daily NAVs to the fourth decimal point (*e.g.*, $1.0000), rather than the prior practice whereby NAVs were fixed at $1.00 per share.

- Liquidity fees and redemption gates – Under the new rules, all money market funds (except for government money market funds, for which liquidity fees and gates are optional) may impose fees or temporarily suspend redemptions if the fund's level of weekly liquid assets falls below a certain threshold:

  - If a fund's weekly liquid assets fall below 30 percent, the board would be allowed to impose a liquidity fee of up to 2 percent on all redemptions and/or suspend investor redemptions for up to 10 business days during any 90-day period.

  - If a fund's weekly liquid assets fall below 10 percent, the board is required to impose a 1 percent liquidity fee unless the board determines to impose a different fee or no fee.

- In addition, all money market funds are subject to new diversification and enhanced stress-testing requirements, along with enhanced disclosure and reporting requirements.

As of October 11, 2016, the Portfolio operates as an "institutional money market fund" under Rule 2a-7 of the 1940 Act. As an "institutional money market fund" under Rule 2a-7, the Portfolio is (1) required to sell and redeem its shares at its NAV rounded to the fourth decimal place (*e.g.*, $1.0000) reflecting market-based values of the Portfolio's holdings, and (2) effective October 14, 2016, the Board is permitted to impose a "liquidity fee" on redemptions from the Portfolio (up to 2 percent) or temporarily restrict redemptions from the Portfolio for up to 10 business days during a 90-day period.

For more information, please refer to the Portfolio's prospectus.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Portfolio through the date the financial statements were issued, and has concluded that there are no recognized or non-recognized subsequent events relevant for financial statement disclosure.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Trustees and Shareholders of Northern Institutional Funds

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of the Prime Obligations Portfolio (one of the portfolios constituting the Northern Institutional Funds (the "Trust")) as of November 30, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Trust's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2016, by correspondence with the custodian, counterparties, and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Prime Obligations Portfolio (one of the portfolios constituting the Northern Institutional Funds) at November 30, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Chicago, Illinois
January 20, 2017

TAX AND DISTRIBUTION INFORMATION

NOVEMBER 30, 2016 (UNAUDITED)

The American Jobs Creation Act (Sec. 871 (k)) allows a regulated investment company to designate Qualified Interest Income (QII) related dividends and qualified short-term capital gains that are exempt from U.S. withholding taxes for foreign investors, not considered U.S. persons. The Trust has designated 100.00% of the Portfolio's income as QII for the fiscal year ended November 30, 2016.

The Portfolio designates the maximum amount required to distribute long-term capital gain under IRC 852(b)(2)(3).

CAPITAL GAIN DISTRIBUTION — The Portfolio made capital gain distributions in December 2016, and hereby designates these long-term capital gain distributions as follows:

Amount in thousands	AMOUNT
Prime Obligations	$37

FUND EXPENSES

NOVEMBER 30, 2016 (UNAUDITED)

As a shareholder of the Portfolio, you incur ongoing costs, including management fees and other fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period, June 1, 2016 through November 30, 2016.

ACTUAL EXPENSES

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid 6/1/16 - 11/30/16" to estimate the expenses you paid on your account during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second line in the table below provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratios and an assumed rate of return of 5 percent per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare this 5 percent hypothetical example with the 5 percent hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. As a shareholder of the Portfolio, you do not incur any transaction costs, such as sales charges (loads), redemption fees, or exchange fees, but shareholders of other funds may incur such costs. Therefore, the hypothetical information is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

PRIME OBLIGATIONS

SHARES	EXPENSE RATIO	BEGINNING ACCOUNT VALUE 6/1/2016	ENDING ACCOUNT VALUE 11/30/2016	*EXPENSES PAID 6/1/2016 - 11/30/2016
Actual	0.15%	$1,000.00	$1,002.80	$0.75
Hypothetical**	0.15%	$1,000.00	$1,024.25	$0.76
SERVICE SHARES				
Actual	0.15%	$1,000.00	$1,002.90	$0.75
Hypothetical**	0.15%	$1,000.00	$1,024.25	$0.76

* *Expenses are calculated using the Portfolio's annualized expense ratios, which represent ongoing expenses as a percentage of net assets for the six months ended November 30, 2016. Expenses are calculated by multiplying the annualized expense ratio by the average account value over the period; then multiplying the result by the number of days in the most recent fiscal half year (183); and then dividing that result by the number of days in the current fiscal year (366). Expense ratios for the most recent half year may differ from expense ratios based on one-year data in the Financial Highlights.*

** *Hypothetical expenses are based on the Portfolio's actual annualized expense ratios and an assumed rate of return of 5 percent per year before expenses.*

TRUSTEES AND OFFICERS

Set forth below is information about the Trustees and Officers of Northern Institutional Funds. Each Trustee has served in that capacity since he or she was originally elected or appointed to the Board of Trustees. Each Trustee oversees a total of 51 portfolios in the Northern Funds Complex — Northern Funds offers 44 portfolios and Northern Institutional Funds offers 7 portfolios. The Northern Institutional Funds' Statement of Additional Information contains additional information about the Trustees and is available upon request and without charge by calling 800-637-1380.

NON-INTERESTED TRUSTEES

NAME, ADDRESS[1], AGE, POSITIONS HELD WITH FUNDS AND LENGTH OF SERVICE AS NORTHERN INSTITUTIONAL FUNDS TRUSTEE[2]	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS	OTHER DIRECTORSHIPS HELD BY TRUSTEE[3]
William L. Bax Age: 73 Trustee since 2005	• Managing Partner of PricewaterhouseCoopers, Chicago (an accounting firm) from 1997 to 2003; • Director of Ann & Robert H. Lurie Children's Hospital since 1998.	• Arthur J. Gallagher & Co. (an insurance brokerage company).
Mark G. Doll Age: 67 Trustee since 2013	• Executive Vice President and Chief Investment Officer, Northwestern Mutual Life Insurance Company from 2008 to 2012; • Senior Vice President — Public Markets, Northwestern Mutual Life Insurance Company from 2002 to 2008; • President, Northwestern Mutual Series Fund, Mason Street Advisors and Mason Street Funds from 2002 to 2008; • Chairman, Archdiocese of Milwaukee Finance Council from 2005 to 2015; • Member of Investment Committee of Milwaukee Art Museum from 1995 to 2012; • Member of Investment Committee of Greater Milwaukee Foundation from 2003 to 2015; • Member of Investment Committee of Milwaukee Symphony Orchestra from 2006 to 2012.	• None
Sandra Polk Guthman Age: 72 Chair since 2015 Trustee since 1997	• Chair since 1988 and CEO from 1993 to 2012 of Polk Bros. Foundation (an Illinois not-for-profit corporation); • Director of National Public Finance Guarantee Corporation (f/k/a MBIA Insurance Corp. of Illinois) (a municipal bond insurance company) from 1994 to 2014; • Trustee of Wellesley College from 2010 to 2016; • Trustee of Rush University Medical Center since 2007.	• None
Thomas A. Kloet Age: 58 Trustee since 2015	• Executive Director and Chief Executive Officer, TMX Group, Ltd (financial services company and operator of stock, derivatives exchanges, their clearing operations and securities depository) from 2008 to 2014; • Chair of Boards of NASDAQ Stock Market LLC, NASDAQ PHLX LLC and NASDAQ BX, Inc. since 2016.	• Nasdaq, Inc.
Cynthia R. Plouché Age: 59 Trustee since 2014	• Senior Portfolio Manager and member of Investment Policy Committee, Williams Capital Management, LLC from 2006 to 2012; • Managing Director and Chief Investment Officer of Blaylock-Abacus Asset Management, Inc. from June 2003 to 2006; • Founder, Chief Investment Officer and Managing Director of Abacus Financial Group from May 1991 to 2003, a manager of fixed income portfolios for institutional clients; • Assessor, Moraine Township, Illinois since January 2014.	• AXA Premier VIP Trust (Registered investment company — 34 portfolios)
Casey J. Sylla Age: 73 Trustee since 2008	• Board member, University of Wisconsin — Eau Claire Foundation from 2006 to 2015; • Advisor, G.D. Searle Family Trusts from 2010 to 2012 and Independent Trustee since 2012.	• GATX Corporation (transportation services).

INTERESTED TRUSTEES

NAME, ADDRESS[1], AGE, POSITIONS HELD WITH FUNDS AND LENGTH OF SERVICE AS NORTHERN INSTITUTIONAL FUNDS TRUSTEE[2]	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS	OTHER DIRECTORSHIPS HELD BY TRUSTEE[3]
Stephen N. Potter[4] Age: 59 Trustee since 2008	• President, Northern Trust Asset Management since 2008; • Chairman and President of Northern Trust Investments, Inc. since March 2008; • President of Northern Trust Global Investments, Ltd. from March 2008 to February 2009; • Director of The Northern Trust Company of Connecticut from July 2009 to December 2013; • Director of Northern Trust Global Investments, Ltd. from February 2000 to February 2009; • Director of Northern Trust Global Advisors, Inc. from May 2008 to January 2012; • Director, Miami Corporation since November 2015; • Trustee of Rush University Medical Center since November 2009.	• None
Mary Jacobs Skinner, Esq.[4] Age: 59 Trustee since 2000	• Retired as partner in the law firm of Sidley Austin LLP on November 30, 2015. • Harvard Advanced Leadership Fellow since 2016; • Director and Vice Chair of Public Policy Committee, Ann and Robert H. Lurie Children's Hospital since 2016; • Director, Pathways Awareness Foundation since 2000; • Director, Chicago Area Foundation for Legal Services from 1995 to 2013.	• None

(1) Each Trustee may be contacted by writing to the Trustee, c/o Diana E. McCarthy, Drinker Biddle & Reath LLP, One Logan Square, Suite 2000, Philadelphia, PA 19103-6996.

(2) Each Trustee will hold office for an indefinite term until the earliest of: (i) the next meeting of shareholders, if any, called for the purpose of considering the election or re-election of such Trustee and until the election and qualification of his or her successor, if any, elected at such meeting; (ii) the date a Trustee resigns or retires, or a Trustee is removed by the Board of Trustees or shareholders, in accordance with the Trust's Agreement and Declaration of Trust; or (iii) in accordance with the current resolutions of the Board of Trustees (which may be changed without shareholder vote) on the earlier of the completion of 15 years of service on the Board and the last day of the calendar year in which he or she attains the age of seventy-five years.

(3) This column includes only directorships of companies required to report to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (i.e., public companies) or other investment companies registered under the Investment Company Act of 1940, as amended (the "1940 Act").

(4) An "interested person," as defined by the 1940 Act. Mr. Potter is deemed to be an "interested" Trustee because he is an officer, director, employee, and a shareholder of Northern Trust Corporation and/or its affiliates. Ms. Skinner is deemed to be an "interested" Trustee because her former law firm provided legal services to Northern Trust Corporation and/or its affiliates.

TRUSTEES AND OFFICERS continued

OFFICERS OF THE TRUST[1]

NAME, ADDRESS, AGE, POSITIONS HELD WITH FUNDS AND LENGTH OF SERVICE AS NORTHERN INSTITUTIONAL FUNDS OFFICER	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
Lloyd A. Wennlund Age: 59 50 South LaSalle Street Chicago, IL 60603 President since 2000	• Executive Vice President since 2003 and Director since 2001 of Northern Trust Investments, Inc.; Executive Vice President and other positions at The Northern Trust Company and Managing Executive of Mutual Funds for Northern Trust Asset Management since 1994; Head of Defined Contribution Business at The Northern Trust Company since 2011; Director, Northern Trust Global Advisors, Inc. from 2006 to 2012; Director, The Northern Trust Company of Connecticut from 2012 to 2013.
Kevin P. O'Rourke Age: 45 50 South LaSalle Street Chicago, Illinois 60603 Vice President since 2015	• Senior Vice President of Northern Trust Investments, Inc. since 2014; Vice President of Northern Trust Investments, Inc. from 2009 to 2014.
Benjamin D. Wiesenfeld Age: 38 50 South Lasalle Street Chicago, Illinois 60603 Chief Compliance Officer since June 2016	• Chief Compliance Officer of FlexShares Trust since July 2016; Chief Compliance Officer and General Counsel of Scout Investments, Inc. and Chief Compliance Officer of the Scout Funds from 2009 to 2016; Chief Compliance Officer of Thornburg Investment Management, Inc. and Thornburg Funds from 2006 to 2009.
Darlene Chappell Age: 53 50 South LaSalle Street Chicago, IL 60603 Anti-Money Laundering Compliance Officer since 2009	• Anti-Money Laundering Compliance Officer for Northern Trust Investments, Inc., Northern Trust Securities, Inc. and Alpha Core Strategies Fund since 2009; Anti-Money Laundering Compliance Officer for 50 South Capital Advisors, LLC since 2015, Anti-Money Laundering Compliance Officer for Equity Long/Short Opportunities Fund and FlexShares Trust since 2011; Vice President and Compliance Consultant for The Northern Trust Company since 2006; Anti-Money Laundering Compliance Officer for The Northern Trust Company of Connecticut from 2009 to 2013 and Northern Trust Global Advisors, Inc from 2009 to 2011.
Randal E. Rein Age: 46 50 South LaSalle Street Chicago, IL 60603 Treasurer since 2008	• Senior Vice President of Northern Trust Investments, Inc. since 2010 and Senior Vice President of Fund Administration of The Northern Trust Company through 2010; Treasurer and Principal Financial Officer of FlexShares Trust since 2011; Treasurer of Alpha Core Strategies Fund since 2008; Treasurer of Equity Long/Short Opportunities Fund since 2011.
Michael J. Pryszcz Age: 49 50 South LaSalle Street Chicago, IL 60603 Assistant Treasurer since 2008	• Senior Vice President of Fund Accounting of The Northern Trust Company since 2010.
Richard N. Crabill Age: 48 50 South LaSalle Street Chicago, IL 60603 Assistant Treasurer since 2008	• Senior Vice President of Fund Administration of The Northern Trust Company since 2011; Vice President of Fund Administration of The Northern Trust Company from 2005 to 2011.
Michael G. Meehan Age: 46 50 South LaSalle Street Chicago, IL 60603 Assistant Treasurer since 2011	• Senior Vice President of Northern Trust Investments, Inc. since 2011; Vice President of Fund Administration of The Northern Trust Company from 2009 to 2011; Assistant Treasurer of Alpha Core Strategies Fund and Equity Long/Short Opportunities Fund since 2011.

NAME, ADDRESS, AGE, POSITIONS HELD WITH FUNDS AND LENGTH OF SERVICE AS NORTHERN INSTITUTIONAL FUNDS OFFICER	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
Gregory A. Chidsey Age: 47 50 South LaSalle Street Chicago, Illinois 60603 Assistant Treasurer since 2013	• Senior Vice President of Financial Reporting of The Northern Trust Company since 2010.
Craig R. Carberry, Esq. Age: 56 50 South LaSalle Street Chicago, IL 60603 Secretary since 2010	• Associate General Counsel and Senior Vice President of the Northern Trust Company since June 2015; Chief Compliance Officer of Northern Trust Investments, Inc. since October 2015 and Secretary since 2000; Assistant General Counsel and U.S. Funds General Counsel of The Northern Trust Company from July 2014 to June 2015; Senior Legal Counsel and U.S. Funds General Counsel of The Northern Trust Company from 2000 to 2014; Secretary of 50 South Capital Advisors, LLC since 2015; Secretary of Alpha Core Strategies Fund since 2004; Secretary of Equity Long/Short Opportunities Fund and FlexShares Trust since 2011; Secretary of Northern Trust Global Advisors, Inc. from 2007 to 2012; Secretary of The Northern Trust Company of Connecticut from 2009 to 2013.
Owen T. Meacham, Esq. Age: 45 50 South LaSalle Street Chicago, IL 60603 Assistant Secretary since 2008	• Senior Vice President and Regulatory Administration Assistant General Counsel of The Northern Trust Company since August 2015; Senior Vice President and Regulatory Administration Managing Attorney of The Northern Trust Company from 2012 to August 2015; Senior Vice President and Regulatory Administration Senior Corporate Attorney of The Northern Trust Company from 2011 to 2012; Vice President and Regulatory Administration Senior Corporate Attorney of The Northern Trust Company from 2007 to 2011; Secretary of Harding, Loevner Funds since 2010; Assistant Secretary of Ashmore Funds since 2010.
Jose J. Del Real, Esq. Age: 39 50 South LaSalle Street Chicago, Illinois 60603 Assistant Secretary since 2015	• Senior Legal Counsel and Vice President of The Northern Trust Company since 2015; Assistant Secretary of Northern Trust Investments, Inc. since 2016; Legal Counsel and Vice President of The Northern Trust Company from 2014 to 2015; Vice President and Regulatory Administration Senior Attorney of The Northern Trust Company from 2012 to 2014; Vice President and Regulatory Administration Attorney of The Northern Trust Company from 2011 to 2012; Second Vice President and Regulatory Administration Attorney of The Northern Trust Company from 2010 to 2011; Assistant Secretary of Northern Funds and Northern Institutional Funds from 2011 to 2014; Assistant Secretary of FlexShares Trust since 2015.

(1) Each Officer serves until his or her resignation, removal, or retirement, or election of his or her successor.

INVESTMENT CONSIDERATIONS

PRIME OBLIGATIONS PORTFOLIO[1,2,3]

[1] **Money Market Risk:** You could lose money by investing in the Portfolio. An investment in the Portfolio is not a deposit of any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation, any other government agency, or The Northern Trust Company, its affiliates, subsidiaries or any other bank. The Portfolio's sponsor has no legal obligation to provide financial support to the Portfolio, and you should not expect that the sponsor will provide support to the Portfolio at any time.

[2] **Floating NAV Risk:** is the risk that because the share price of the Portfolio will fluctuate, when a shareholder sells shares they may be worth more or less than what a shareholder originally paid for them.

[3] **Liquidity Fee and Redemption Gate Risk:** is the risk that the Portfolio may impose a "liquidity fee" (up to 2 percent) or a "redemption gate" that temporarily restricts a shareholder's ability to sell shares for up to 10 business days if the Portfolio's liquidity falls below required minimums because of market conditions or other factors.

INDEX DEFINITIONS

PRIME OBLIGATIONS PORTFOLIO[1]

[1] **iMoneyNet Fund Average™ — First Tier Institutional** category includes only non-government institutional portfolios that also are not holding any second tier securities. Portfolio holdings of first tier portfolios include U.S. Treasury, U.S. other, repos, time deposits, domestic bank obligations, foreign bank obligations, first tier commercial paper, floating rate notes and asset-backed commercial paper. It is not possible to invest directly in an index.

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FOR MORE INFORMATION

PORTFOLIO HOLDINGS

Northern Institutional Funds files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Portfolio's Forms N-Q are available on the SEC's website at www.sec.gov. You may also review and obtain copies at the SEC's Public Reference Room in Washington, D.C. Information about the Public Reference Room may be obtained by calling 800-SEC-0330.

PROXY VOTING

Northern Institutional Funds' Proxy Voting Policies and Procedures and the Portfolio's portfolio securities voting record for the 12-month period ended June 30 are available upon request and without charge by visiting Northern Institutional Funds' website at northerntrust.com/institutional or the SEC's website at www.sec.gov or by calling the Northern Institutional Funds Center at 800-637-1380.

PROTECTING YOUR PRIVACY

Protecting your privacy is important at Northern Institutional Funds, which is why we wanted you to know:

- We do not sell non-public personal information about our investors or former investors to any outside company.
- We have policies that limit access to your information to only those people who need it to perform their jobs and provide services to you, and we have physical, electronic and procedural safeguards that comply with federal standards to guard your personal information.
- We collect information about you from applications, forms, conversations and your use of our Web site; third parties with your permission; and your transactions with us, our affiliates and our joint marketing partners.
- We do not disclose the information we collect about our investors or former investors to anyone, except to companies that perform services for us, affiliates with whom we have joint marketing agreements such as Northern Trust, (1) for our everyday purposes, such as to process transactions, maintain accounts, respond to court orders and legal investigations or report to credit bureaus or (2) as permitted by law.
- The information includes account balances and account history. You may limit our use or sharing of information about you with our affiliates and joint marketing partners for marketing purposes by calling 800-637-1380 weekdays from 7:00 a.m. to 7:00 p.m. Central time, or by writing to us at Northern Institutional Funds, P.O. Box 75986, Chicago, IL 60675-5986.

If our information sharing practices change, we will send you a revised notice. You can also visit our Web site, northerntrust.com/institutional, for an online version of our current privacy notice.

Not part of the Annual Report.

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