MLC3 methodology: N1–N14

Technical note · version 1.0 · 2026

This note describes the fourteen steps (N1–N14) with which MLC3 records the financial position of a household or a small business and reaches a documented conclusion on its repayment capacity.

A. Data (N1–N5)

N1 Collecting and checking documents · N2 Income · N3 Living costs · N4 Assets · N5 Debts and instalments.

B. Analysis (N6–N10)

N6 Liquidity · N7 Cash flows · N8 Sustainability ratios · N9 Scenarios · N10 Sensitivity analysis (Tornado).

C. Synthesis (N11–N14)

N11 Monte Carlo simulation · N12 Repayment capacity · N13 Report and appendices · N14 Monitoring and updates.

Every step produces a verifiable result: a table, a ratio or a chart, with a reference to the documents it came from.